

# Buntings share issue meets token resistance

Christchurch Correspondent  
THERE was a touch of irony and a dash of shareholder democracy about the latest annual meeting of brushmaker Bunting and Company in Christchurch.

Bunting faced its shareholders on a cool evening, worrying that not everyone would be able to crush into the curtailed space of the Canterbury Manufacturers' Association beside the hill Avon River.

The company really had no worries — not on that score anyway. Shareholders turning up in person numbered but 34 but many others had exercised their proxies in favour of 929,540 votes. Chairman for his last meeting Jeff Harbutt had 777,323 of them.

So the major business of the meeting — a controversial

issue of 500,000 50-cent ordinary shares at a 15c premium to private Christchurch investor H W Smith Ltd — was virtually a fait accompli.

The issue had been opposed by Scott Group which had just withdrawn a takeover bid for 51 per cent of the Bunting shares at 80c a share after being brushed off by the Christchurch company. Chairman David Scott sat quietly in the Bunting annual meeting and was destined not to speak.

Token resistance and an exercise of shareholder democracy came instead from a man who rose, simply saying: "My name, sir, is Thompson."

The cognoscenti knew him without any further introduction. Though he ap-



EXECUTIVE SUITE

peared as a private shareholder Thompson was better known as chairman of two of New Zealand's biggest companies.

As chairman of Waitaki NZ Refrigerating he had personal experience of takeover situations and as chairman of Lion Breweries he had been inevitably involved with the

company's defensive move. A figure in command respect at any annual meeting he is also chairman of Hinkley Caterers and a director of NZ Refining, M O'Brien, NZ United Corp and United Building Society.

He began to express personal doubts about the proposed issue in H W Smith Ltd, quietly saying: "There's no hate campaign on my part. I just think the directors should have a jolly good look at this."

Companies had been able to trade their way out of trouble. Bunting had good assets and losses themselves could be assets in their way.

The directors had done their best but had they acted hastily, Thompson noted the culture of the board.

facing chairman then Barnes told the meeting that

the most dangerous move it could make was to adjourn the issue decision. "We cannot see a cash flow of reasonable proportions for the rest of the year unless we do this."

Barnes told another shareholder that a similar amount of money could not have been raised from the shareholders. A sentiment agreed to by H W Smith's new managing director Bruce Judge, the former executive director of Brierley Investments.

Though he could have been appointed to the Bunting board outside the actual meeting since the issue was approved, Judge's appointment was in fact "confirmed" before present shareholders.

"We have no option but to make the issue," said Barnes convincingly. The vote was

massively carried. Thompson said sales for this quarter were up 11 per cent but not 4 per cent last year. Liquidity was a problem.

He conceded to the fact that a single factor responsible for the poor performance of the New Zealand spin-off of the Christchurch agency of the Ministry of Works and Buildings was a series of

which have created a favourable on the company performance.

Alternative manufacturing facilities had to be created and it cost \$2.8 million. A new plant for the filling of brush sticks at Christchurch factory, built in 1977-78, three years after Auckland move, to be

woodworking and 222 tensiware manufacturing. That meant Bunting had to back into a 10c discount, meeting the

surviving been major drain on losses.

At the same time the loss of brushes fell off 22 per cent and demand relocation went down. Brushmakers moved to

train Bunting's management was concerned with the

relocation to escape. Day to day

drifted.

Volume didn't vary. Further, and a move to manufacturing to the church took place. The Auckland plant is said to be a predicted 10 per cent prevention in export

relation to asset losses.

Harbutt carefully noted once the company slogan: "If it's a brush thing will make it."

That policy went on a window with the adverb link and production is

especially profitable. Harbutt has been asked to think. Redundancy

reduction costs a discounting of stock

which this year but will still be strained when repayments become

due.

If the Auckland

hold by then some

pressure will be

claims for

disturbances should

authorities should

made this year. But

writing was done in

pain on the wall —

could no longer

finance operations

essential and Smith

viewed to come to the

knowing — Smith

looking for —

Bunting directors

The deal was

before shareholders

irony? Smith

heavily involved in

and jointly, dividing

these interests

restructuring

But now, the

that of Judge

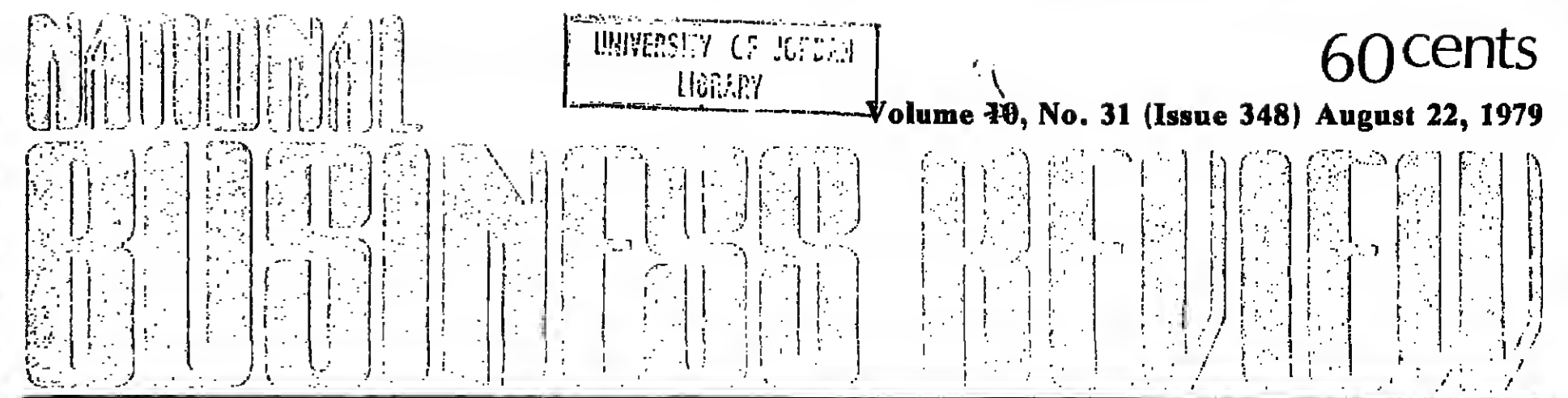
sent the

ownership

Bunting's

Southland

Kennedy and



60 cents

Volume 10, No. 31 (Issue 348) August 22, 1979

## New Air NZ fare bid shows \$12m turnaround

AIR New Zealand's application for yet another increase in domestic fares discloses a turnaround in the company's accounts of nearly \$12 million on an annual basis.

The company showed a consolidated profit of just over \$8 million for the last financial year of which 2.99 million came from profits on the domestic operation.

The letter of application for an increase of 11.25 per cent in fares, or that rising costs since the end of March would have cost a

loss of \$7.75 million but for the two increases sought from the Air Services Licensing

Authority.

Air New Zealand successfully sought last month an interim 10 per cent increase in fares and freight rates

effective from the beginning of August.

Along with Mount Cook Airlines, Air New Zealand was seeking immediate relief from the effects of the increase in the price of fuel, and the Government's five cents a litre

tax announced in the Budget.

The company said at the time however, that its normal review of tariffs would come later, and that the first

application was made only because of the exceptional circumstances involved.

Any delay in getting the interim relief was put at \$200,000 a week by Air New

Zealand's general manager corporate finance Bill Varcoe.

Air New Zealand was before the authority in August last year, but Varcoe lists \$13.171 million of cost increases since

then. Of this, \$9.28 million comes from wage and salary

movements including the latest state servants annual general adjustment of 10.4 per cent and the Government's 4.5

per cent wage order.

Other costs include the effect of the devaluation, higher Post Office and

obviously charges, general expenses plus some under-recovery of the effects of fuel

prices increases arising from the interim increase on August

1.

The airline wants recovery of \$14.09 million from the authority by way of an

increase in fares and freight rates averaging 11.25 per cent.

Varcoe said the profit of nearly \$4 million for last year was achieved by higher

passenger and freight growth producing \$3 million in revenue above budget. But he

said extra cost increases totalling \$2.5 million were absorbed in that financial

year.

Cost increases of \$4.5 million since then were also absorbed according to Varcoe, making

\$7 million in all.

This year's domestic budget shows a \$7.75 million loss

hearing in Auckland a particularly interesting one.

Despite assurances from both Air New Zealand's chief executive Mervyn Davis and the Transport Minister Colin

McLachlan that the airline is keeping separate accounts for the domestic and international

wings, the public's suspicion that the increases are needed to prop up the international

wing have not been calmed.

At previous hearings before the Licensing Authority, NAI said in last August, Air New Zealand produced only a list of cost increases alleged to have been incurred since the last tariff increase.

Those figures were vetted beforehand by the Transport Ministry which certified them

as correct. An appropriate amount of cost recovery followed.

On each occasion, however, there was an overall budget produced and neither has the authority required one despite requests from objectors to the fare increases.

On this occasion it does not seem that Air New Zealand will produce a domestic budget either — at least not in public.

If that proves to be the case, and with the accounts for the merged airline being presented in consolidated form, there will be precious little information about, on which to oppose the airline's

application, or even to do a proper analysis of the company's financial position.

### Inside:

MOVES towards a new trading partnership between New Zealand and Australia have quickened in recent weeks. We find that Australia's Doug Anthony has been the main mover in the Federal Government's drive to replace Nait.

JUSTICE Minister Jim McLay last week set out the philosophy behind his approach to commercial law reforms. Peter O'Brien was on hand to reveal the five fundamental points. — Page 12.

AS we follow overseas trend into an age in which credit replaces money, the problem of the "ethereal" must be faced. Bethula Gillespie describes how the disease can be diagnosed and treated. — Page 21.

Internationally acknowledged to be the finest cigarette in the world



dunhill The most distinguished tobacco house in the world.

Government warning: smoking can endanger health. Milder Tar

The best tobacco money can buy



Rothmans of P.M.H. World Leaders in Research

Government warning: smoking can endanger health. Low Tar Milder Tar

## Liquidator steps into Tether Insurance

by Roe Mnzengor

A PROVISIONAL liquidator has been appointed to Auckland brokers R Tether (Insurance) Ltd.

The move follows drawn-out investigation of the company by the Justice Department's commercial affairs division.

The investigation was sparked by reports of large insurance claims which had

not been met. These reports caused widespread uneasiness within the insurance industry.

While Auckland Official Assignee Peter Evans has the task of liquidating the company, the Justice

Department has the more onerous task of looking at the glaring loopholes in the present legislation which

regulates the industry.

The Justice Department law reform division has already received instructions relating to the proposal to require the

registration of all brokers — a proposal put to Justice

Minister Jim McLay shortly after the insurance industry controversy was made public.

But the department appears to have difficulty administering the provisions of the Insurance Companies Deposits Act 1953 and its 1974 amendment. Industry sources say this is because the drafting of those provisions is "messy".

The 1974 amendment raised the amount of the deposit to be lodged with the Public Trustee by companies or persons

carrying on any class of insurance business to \$500,000.

But for policy reasons, insurance companies already registered would trade under the old rules. Depending on the

class of insurance, these required deposits of between

\$10,000 and \$45,000 for local and Commonwealth

companies, and \$20,000-\$70,000 for foreign companies.

Agents of Commonwealth underwriters were required to

deposit between \$10,000 and \$30,000 and agents of foreign underwriters between \$20,000 and \$100,000.

As the amendment was intended to protect consumer interests, it is arguable that

legislation should have been retrospective in order to close the operations of under-

capitalised insurance companies; or else it should have required existing

companies to raise their deposits within a specified

time.

The law reform division said the amendment was intended as a stop-gap measure pending a more equitable formula...but that was five years ago.

R Tether (Insurance) has not lodged a deposit with the Public Trustee and some members of the insurance industry say he breached the provisions of the Act by failing to do so.

But Justice Department and Insurance industry sources differ in their interpretation of the provisions of the Act.

One argument is that the

Continued on Page 5





# It's time for a change . . . for Labour

by Colin James

ONE of my recurring nightmares is that the Labour Party will get into power in its present condition.

A one-term Government of Mick Connollys, Ron Baileys and Mat Ratias, "led" by Bill and Bob, with Richard Prebble letting off crackers and Roger Douglas dreaming up new ideas in the broom cupboard is a dismaying thought.

The first need in a Government of the 1980s will be coherence.

That implies broad agreement on the shape of society to be, on the measures to be pursued to achieve it and on tactics.

It also implies an intelligent, strong public image.

The Kirk Labour Party had that, largely because Norman Kirk was the Labour Party.

He stood for a decent opportunity for the small guy to live a decent life. That basic presumption underlay his

attitude to all issues — housing, for example, industrial relations, the economy, even international affairs.

As the present leader has said with befitting modesty, there is not a Norman Kirk among them now.

So it has to be a co-operative effort. If the leader has limited vision and inspiration of his own, he could at least coordinate and encourage others who do.

The public needs to see a bunch of half a dozen people who:

- Clearly see eye to eye;
- Can exploit their opponents' weaknesses;
- Grasp the essential elements of the major economic and social issues;
- Seem to have some idea of what to do about them.

Instead, the Labour Party right now looks like a shapeless, aimless bunch of windfall harvesters.

On the front two benches, where one would expect the cream of its talent to be displayed, there are gathered people of widely different ages, styles, prejudices, ideologies and energies.

They are in three groups: the out-of-touch, the limited and the immobilised.

In the first group are several men nearing the end of their parliamentary life.

Some have had creditable parliamentary careers. Among them are Mick Connolly, remembered in the Ministry of Works as the first minister in years to take an intelligent interest in his work, and Arthur Faulkner, regarded by his colleagues as someone who could take decisions.

But both now seem more appropriate to the 1980s than



RICHARD PREBBLE



ANN HERCUS



DAVID CAYGILL



FRASER COLMAN

miscellaneous where one would expect the cream of its talent to be displayed, there are gathered people of widely different ages, styles, prejudices, ideologies and energies.

They are in three groups: the out-of-touch, the limited and the immobilised.

In the first group are several men nearing the end of their parliamentary life.

Some have had creditable parliamentary careers. Among them are Mick Connolly, remembered in the Ministry of Works as the first minister in years to take an intelligent interest in his work, and Arthur Faulkner, regarded by his colleagues as someone who could take decisions.

But both now seem more appropriate to the 1980s than

the 1980s. Connolly is regarded in the party as an arch-conservative. Faulkner is not remembered kindly for his failure as party president to sort out candidacies tangles in 1977 and 1978.

The second group, includes among others, a number of unimpeachably earnest and conscientious men, such as Fraser Colman in energy and Sir Basil Arthur in agriculture.

But energy calls for the most creative mind Labour has got: a David Lange, or a Bob Tizard on his day.

Unfortunately Tizard, who can be the most perceptive critic of the Government Labour has, is less often on his day than his numerous critics think necessary.

And Lange has been sidelined in social welfare, a

portfolio he doesn't want. Bowling might look at the way National is using lawyers in economic portfolios, with success.

Lange belongs to the third group. So does chief whip Russell Marshall, one of the few who can get under the Prime Minister's skin and the best qualified at the moment for the deputy leadership.

But Marshall is happier doing things than criticising them. That of office he seems to be contracting. Martin Finlay's political world-views.

Finlay's "Who heard of ideas coming out of these two benches?" About the only one producing ideas is Roger Douglas, who is operating as his own man, thank God.

Some of his ideas have merit, but I get the impression his colleagues are scared of him because his ideas are sometimes suspect on grounds of practicability or ideology.

With guidance and encouragement he could be valuable. Curiously, both he and the Prime Minister simultaneously came up with the minimum living standard concept. It was urged by Douglas's predecessor, tax man, but left out of the manifesto because it was thought too hard to turn into sellable form in time.

Douglas does not fit into one of the three groups. Confined above.

Nor does Prebble, the misanthropic spokesman who lives both barrels before getting the gun up to his shoulder, whose name is in the headlines, most often, who could be a highly effective destroyer if someone gave him the right ammunition and aimed him in the right direction.

That is what a leader is for. Even with an indifferent team.

It is certainly no better than bowling, but now. Robert Muldoon in opposition in 1975 was able to tear apart the bowling Government.

Had Muldoon in opposition been faced with his own Government in the first half of this year, he would have wiped the floor with it.

Deep divisions of attitude and ambition within the parliamentary National Party, made worse by the inflationary offer-effects of last year's vote-buying Budget, lighting changes of official policy suggesting Cabinet chaos, the broken promise over national superannuation — marvellous targets.

But in the Opposition wing in Parliament Buildings, instead of the excitement of combat, the predominant atmosphere is one of smug expectation of victory in 1981.

The most positive-feeling block in the buildings is occupied by the sort of MPs who normally are getting jaded and frustrated by now: six

Government backbenchers of 1975 vintage — Waring, Elworthy, and Jock Elworthy — and a few newcomers — Paul H. H. Gray, Ian McKelvie, Geoff Thompson.

There is a sense of age and achievement in their faces. They have contributed to the Government's recovery, equilibrium and new ideological direction.

David Caygill is not developing as a policy intelligent and astute parliamentarian and he is not Hercules.

Ann Hercus is happy to show her work as the expenditure committee.

Stan Rodger is regarded by some within his side.

The test for Rodger, reputed toughness will be in his will. But we are reconstructing his party, giving the key policy the people with ability, as they are short parliamentary years.

Given proper support, brighter people than among the party's rank.

● Not more sharply a Government's flesh.

● Develop coherence that start from the Government's conditions.

● Problems, rather yesterday's indifference injustices.

In the meantime, the next to no leadership of parliamentary team, and some of them seem to be off in all directions at once.

Where do we come? Impassioned plea for enterprise on the part of the Government.

per cent devices suggestion fit into the Government's conditions.

House leaders have entrusted to Tizard the bowling bridges round a country clearing up branches in hopeless and

And Eddie Leary, a man but not a leader, and in any case, at the end of his career, is promoted to the bench in place of the Bruce Barclay.

That does not suggest the (possible) 1982 Government being elected from the 1979 Labour position.

But there is a strategy in the national executive committee, the increasingly astute president, Jim Anderson.

Perhaps the Labour Party the bricks will all fall into place next year.

Perhaps then a dramatic reshuffled front bench, beginning with the Government and carrying the message of Labour hope to the people.

## TAANZ faces cuts in insurance commissions

by Warren Berryman

THE Travel Agents Association of New Zealand (TAANZ) has been told that its members will have to take a cut in the commissions they receive for selling travel insurance.

Individual travel agents now receive 33.3 per cent commission for selling travel insurance.

TAANZ receives a 2½ per cent commission on all travel insurance sold by its members from the insurance companies.

The total commission of nearly 36 per cent is far higher than average commissions for other types of insurance business.

To pay this the insurance companies load 56 per cent on to the premiums paid by the consumer.

The three leaders in travel insurance — Comprehensive, NZI, and Commercial Union —

told the TAANZ executive the commission rate was too high.

The insurance companies were concerned about rising claims costs for travel insurance and possible consumer pressure.

They hinted to TAANZ executives that an investigation of the travel insurance industry by — for example — the Consumer's Institute might make both TAANZ and the insurance companies appear to be acting contrary to the consumer's interests.

This month's issue of Traveltrade put the cat among the pigeons.

Traveltrade detailed the negotiations between the insurance companies and the TAANZ executive — the insurance companies, while not disputing Traveltrade's facts, expressed discomfort that these facts should have been made public.

Commissions to insurance brokers seldom run above 20

per cent. The travel agent's role in selling travel insurance is similar to that of a broker except that the sums dealt with are smaller.

The insurance companies acknowledged that the travel agents perform a valuable selling role. The agent is in an ideal position to sell this type of insurance together with travel tickets.

Covers provided by travel insurance include those for theft or loss of personal belongings, medical expenses, personal accident, airline strikes, and cancellation charges.

To sell travel insurance, the agent might tell a few tales about sky-high medical costs in the United States, or the thieves in foreign lands.

Travel agents collect the premiums and turn in a monthly bordereaux of policies written and premiums collected in the insurance companies.

This administrative work is also of value in the insurance companies.

Despite the selling service provided by the agents the insurance companies feel commissions of 33.3 per cent are too steep. Travel agents receive commissions of only 9

per cent for selling a point-to-point air ticket.

Travel insurance premiums range from \$18 to \$90 depending on the type of cover and the length of the trip.

The work required of the agent is the same regardless of the size of the premium.

An insurance executive has suggested a sliding scale, so a higher rate of commission would be paid on the small and fiddly policies, and a lower rate on the large policies.

The insurance companies generally feel commissions should be cut to 20 or 25 per cent.

Negotiations with TAANZ will resume next month, when TAANZ has its board meeting. Spokesmen from the insurance companies said savings achieved from reduced commissions would not be passed on to the consumer in reduced premiums.

But, claims costs were rising for travel insurance due to such factors as escalating medical costs overseas, increasing number of exaggerated or suspected fraudulent claims and airline strikes. The savings therefore would be used to hold future premiums at a lower level.

TAANZ executive director Peter Lowry has cautioned fellow executives in the need for their organisation to appear to be acting in the consumer's best interest.

He is leading a campaign against the Link Association's travel deals which pass considerable discounts on air travel back to their customers.

The 33.3 per cent commission paid by insurance companies to individual travel agents, can be undercut in a commercial sense as payment for services rendered.

The 2½ per cent commission, or "over-ride" paid by the insurance companies to TAANZ cannot be undercut in this same commercial sense.

Travel agents do all the work selling the insurance, collecting premiums, and preparing the bordereaux, and why should TAANZ receive anything, NHI asked the three insurance companies.

Spokesmen from the insurance companies pointed out that TAANZ used this money to provide order and stability in the travel industry.

For example, they said that

TAANZ provided cover through NZI holding its member agencies. In effect, this cover gave the industry a sort of fidelity fund — a consumer's guarantee against default by a travel agent.

But the insurance company spokesmen did not explain why they, and not the airlines, hotel industry, or the agents themselves, should pay for this system — however desirable.

It is understood that travel insurance premiums total between \$2 and \$3 million a year. This would bring at least \$50,000 a year into TAANZ coffers — with no obvious direct benefit to the insurance companies.

TAANZ lost a court case to the Commissioner of Inland Revenue earlier this year, when TAANZ was judged to be liable to pay income tax as an earner of assessable income from "outsiders" rather than the "mutual society" TAANZ claimed to be.

As for the possibility of the Consumer's Institute investigating commissions paid to travel agents and TAANZ for travel insurance it would appear that there is no immediate threat.

## How much does laundry cost your business?

Even if it's only \$1,000 per year, OPL can save you at least 35%!

Think about it.



"It's time someone cut back your laundry costs! That's why we developed the OPL Great Alternative to "outside" laundries."

Ian Moosa  
Managing Director  
On Premise Laundries

It's certainly time to question your laundry bill! The OPL "on premise" laundry system helps almost every company to operate more profitably.

For instance, recently the OPL system saved one company \$27,000 by reducing its annual laundry bill by 50%! A smaller company produced a 38% saving with the OPL system. Whatever

the size of your business, chances are an OPL system will save you big money, too.

The OPL laundry package affords:

- Heavy duty industrial washers and dryers designed especially for OPL.
- Specially formulated chemicals.
- The backing of one of New Zealand's leading sales and service organisations.

Major cost saving advantages

As an alternative to "outside" laundry services, OPL gives you far greater flexibility, plus positive cost-saving advantages. Because with an OPL system, your laundry costs are being reduced to an absolute minimum!

You keep complete control

Now there's no chance of being charged for the laundering of unused items! OPL means the laundry stays in your premises, so you keep control. And you'll never run short again!

**OPL**  
The Great Alternative

### No Ironing needed

The universal use of cotton/polyester fabrics today eliminates the need to iron bed linen or work garments. It is simply a matter of folding laundry items after the drying cycle to ensure a wrinkle-free finish.

### Space is no problem

An OPL washer and dryer package takes up less space than most office desks. And OPL has the advantage of being easily operated by any member of your existing staff.

Whichever way you look at it, OPL makes sound business sense.

Ian W. Moosa  
Managing Director  
On Premise Laundries Ltd  
40 George Street  
P.O. Box 4211, Auckland  
Telephone 895-487

Dear Mr Moosa,  
I would like to know more about how OPL can save money for our business.

Name \_\_\_\_\_

Position \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

Telephone \_\_\_\_\_

## PERSONAL COLLECTION SERVICES LIMITED

Auckland 31-756  
Wellington 856-032

Specialist Services to Industry

- Debt Collection
- Credit Control
- Credit Reports

## METROPOLITAN

REAL ESTATE LTD.  
M.R.E.I.N.Z.

### UNUSUAL REAL ESTATE REQUIREMENTS

Phone 849-182 Wellington

Page 6  
Good news for  
the out-of-towner

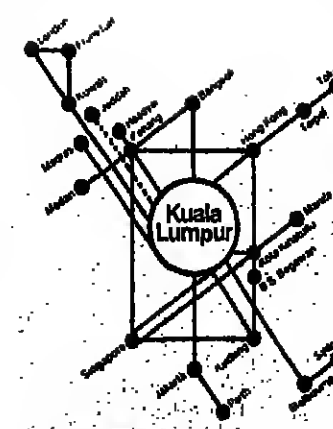
SPT-3

## Mas Gives:



### A tradition of Golden Service across three continents

In Malaysia, we are taught from an early age that to give of yourself is to truly give. This tradition of generous giving we now carry with us across three continents. In DC10 flights from Tokyo, Hong Kong, Sydney, Melbourne, Kuwait, Frankfurt and London. In a wide network of flights to a greater number of Asian destinations than any other airline. MAS is Malaysia's gift to the travellers of the world, a gift of gold.



**mas**  
Might of Gold  
Malaysian Airline System

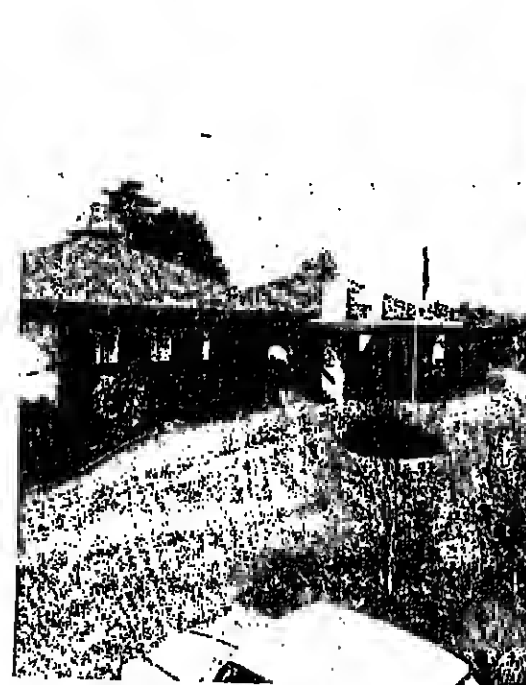
5th Fl., Air New Zealand House, 1 Queen Street, Auckland, New Zealand, Tel: 793-743



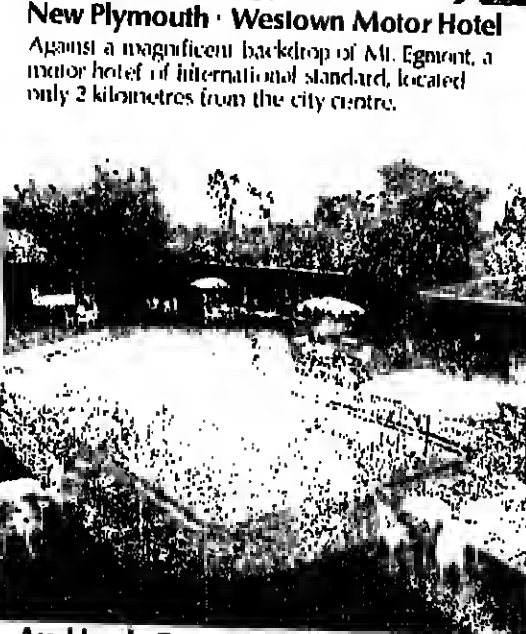




# The Traveller's Guide to an enjoyable stay in New Zealand



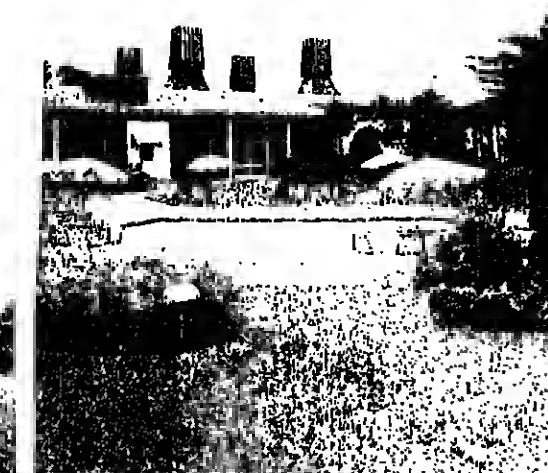
**Gisborne - Sandown Park Motor Hotel**  
A luxury hotel set amidst beautiful trees and lawns on the sunny East Coast. Five minutes from the city.



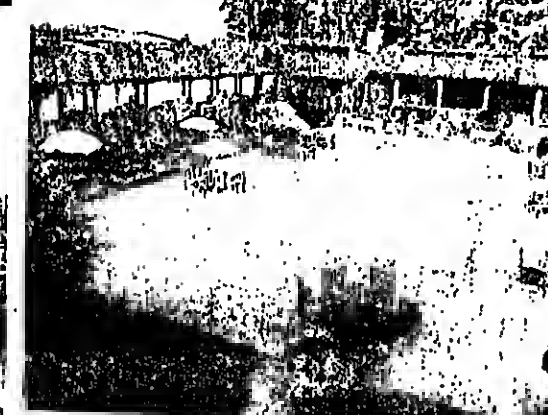
**New Plymouth - Westown Motor Hotel**  
Against a magnificent backdrop of Mt. Egmont, a motor hotel of international standard, located only 2 kilometres from the city centre.



**Auckland - Poenamo Motor Hotel**  
10 minutes from the heart of Auckland, on the North Shore. Designed around a beautiful swimming pool courtyard.



**Auckland - Mon Desir Motor Hotel**  
Set amidst beautiful nature. Polished service on the North Shore. Lakeside beach just 10 minutes from Auckland City.



**Christchurch - Hotel Russley**  
Set in the Cathedral City with its charming English architecture and beautiful gardens. Two minutes from the International Airport.



**Palmerston North - Awapuni Motor Hotel**  
A few minutes from the town centre and the racecourse. An ideal location for the visiting businessman or holidaymaker.

**GOOD NEWS**  
THE SON COURT MOTOR HOTEL TAupo  
WILL BE OPEN  
FROM MID  
NOVEMBER

## The South Pacific Motor Hotel Network

More than just a room for the night



Members of the South Pacific Hotels Group  
MH38

Telephone: Auckland 794-660, Wellington 850-754, Christchurch 794-660  
Or your local Air New Zealand office or Travel Agent.

## Forest shrinkage favours NZ

by Rae Mazengarb

LONG-standing neglect of forestry policy internationally should enhance New Zealand's potential as a wood exporter toward the year 2000.

World-wide demand for forest products is spiralling, but the area in forest is shrinking by some 11 million hectares each year.

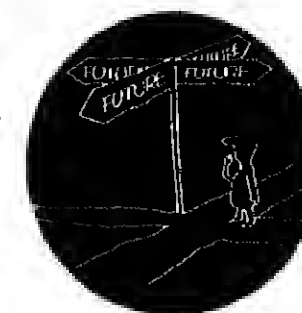
Yet around the turn of the century, New Zealand's forestry industry could be producing nearly four times the present quantity of wood, with some 70 per cent available for export.

The Commission for the Future has already made this observation in the first of a series of booklets, "New Zealand in the Future World".

The first booklet, "Resources and Technology Sustainability," attempts to set the basis for public discussion about New Zealand's opportunities and options in the resources area.

The Development Finance Corporation is also undertaking a comprehensive study of all aspects of forestry to find the gaps in the opportunities available to us.

Still some months from completion, the forestry study will be a long-term view; it will assess the resources we



have or will have in the future and their utilisation after the 1980s.

New Zealand's average annual wood supply — around 9.5 million cubic metres — is projected to reach 24.4 million cubic metres by the years 2001-05 and 33.4 million cubic metres during 2006-10.

By those years we will be reaping the benefits of the heavy plantings of the mid-1970s.

Today's industries are using trees from the first planting boom during 1925 and 1937.

Planting dropped down to less than 5000 hectares a year until 1960, when it was increased dramatically, but the fall-off during these years will lead to a shortage of exotic wood during the 1980s.

But the annual planting rate of 18,000 hectares in 1970

surged to 40,000 hectares by the middle of the decade.

Working on a 30-year growth period, these trees will be ready for harvesting for export at the turn of the century.

If New Zealand exploits export possibilities, the country will be in a highly favourable position.

On the international scene, the seeds of commercial wisdom have yet to take root.

Though the tiny forestry division of the EEC Commission has been plugging away for years, attempting to get the message across to the Nine's governments, there has been little incentive to go forward in forestry management and planning.

According to the (London) Financial Times, neglect of forestry planning will cost Britain alone 2.5 billion pounds this year in bills for purchases of wood and wood products.

Its local production accounts now for only 8 per cent of needs.

And in the EEC as a whole, the annual bill for such imports is second only to that for oil.

The United Nations Food and Agriculture Organisation recently forecast that by the turn of the century world output of soft woods will fall short of demand from the

rapidly expanding pulp and timber industries.

Yet in some countries there has been a dramatic fall-off in tree plantings.

According to the British Forestry Commission, tree planting in Britain last year reached barely a third of the 18,000 hectare target.

While the woodlands of Africa, Asia and Latin America are being stripped away at the rate of 11 million hectares a year, world consumption of wood for all purposes is increasing rapidly.

The 2.5 billion cubic metres consumed in 1978 is projected to reach 4 billion by the mid-1990s.

With 70 million additional people requiring housing each year, the demand for lumber — still the universal building material — leaves an ever-growing claim on the world's forests.

The demand for firewood, the principal fuel in the countries with the fastest growing populations, is rapidly outstripping the sustainable yield of local forests.

The world demand for wood-pulp for newsprint and paper is also growing, though the effect of the electronic age for storing and exchanging information may have a marked effect on this trend.

## Commission outlines forestry options

FORESTRY, for export is not the only path New Zealand could take after the turn of the century. But because trees take a long time to grow, forestry planning must also be long-term.

Three management options for New Zealand's radiata pine plantations are outlined in the Commission for the Future's latest publication.

It adopts the suggestions of New Zealand's Forestry W. Sutton, who undertook an extensive study of the world's forest resources and concluded there would be shortfalls in wood supply.

The options are:

● Grow trees for pulpwood and/or energy (liquid fuels or burning).

● Grow trees for framing buildings or logs for export.

● Grow trees to produce a maximum volume of clearwood which is of high quality and defect-free. Forests managed in this way will also produce substantial quantities of lower-grade wood suitable for pulping and energy production.

According to the commission, if a decision is made

to commit substantial forest areas to the production of transport fuels for internal use, then the forest management option would be appropriate.

Looking at export possibilities, New Zealand would be well placed if it opted for the production of clearwood.

Radiata pine is a suitable, fast-growing species in New Zealand conditions, and it the world shortage eventuates, that option will be lucrative, since the price of clearwood on world markets is substantially more per cubic metre than currently fetched for the country's framing timber.

If the shortage does not eventuate, the timber could still be used for log export, framing timber or pulpwood.

Not only does New Zealand have choices about the quality of timber produced, but also choices about the extent in which timber is processed for export. The booklet identifies some of these options.

Discussion pertaining to the native species is held over for the chapter on nature conservation.

## Futurists attempt to prove worth

THE Commission for the Future publication, "Resources and Technology Sustainability," appeared publicly this week, the first in a series New Zealand in the future world.

The booklet was informally launched last week when the commission — now comfortably ensconced in the newly-opened National Provident Building, overlooking the Parliamentarians' future playground — hosted the press for a discussion seminar and lunch.

Wads of information, explaining both the role of the series of three booklets and the commission itself, were handed out for journalists to muse over until the embargo was lifted five days later.

But remarks made informally by some of those present betrayed more than a little scepticism about the planned effectiveness of the body.

The commission, established in 1977, obviously has a great deal to prove to the public — and to the politicians.

This year it is required to operate on a "shoe-string" budget of just under \$250,000, voted from Treasury.

The commission's role is to assemble and disseminate information about New Zealand's future in such a way that — hopefully — all New Zealanders will be drawn into the decision-making process.

Though established as an independent body, according



JAMES DUNCAN... Independent stance.

to its chairman, Professor James Duncan, it has the advantage of being permitted to sight confidential material during its task of assessing long-term trends and developments both internationally and within New Zealand.

The first booklet focuses on natural resources and the possible influence of new technological developments on those resources, looking both at the world situation and New Zealand's own options for the future.

It does not attempt to predict what will happen in the next 30 years, nor to suggest what we should do. Rather, all three booklets in the series "attempt to set the basis for a public discussion about New Zealand's future."

An accompanying paper points out that New Zealand is

well endowed with natural resources, particularly energy.

But while these give a wide range of options for the future, we should look at the long-term social implications when planning for their use.

For instance, our huge natural gas and coal reserves give us options of self-sufficiency in transport fuels, industrialisation and/or the export of energy. But coal and gas will run out eventually and society will have to look to our abundant renewable resources, including forests, fisheries, water and land... then learn to use them wisely.

The paper also poses key social, economic and resource use questions "to help you discuss the issues raised in the booklets."

For instance, on land use:

● How should we allocate land amongst competing uses, including traditional agriculture, horticulture, forestry, liquid fuel production, tourism and nature conservation?

● How far should we aim to add value to the products of our land by processing within New Zealand? In what directions should we diversify?

● How would decentralisation affect the intensity of land use and the nature of resource processing?

It is the public to which the commission is appealing for the answers.

## Fuel costs favour Wellington

by John Draper

RISE in jet fuel costs are adding another argument in favour of extending Wellington's runway to handle DC10 planes.

The short runway is costing Air New Zealand an extra \$2 million because international flights, destined for Auckland, must carry sufficient fuel to make emergency landings at Christchurch.

And the extra weight means

the big jets burn more fuel on a normal journey.

Cutting out the emergency supply for the extra 400 kilometres between Wellington and Christchurch or Wellington and Auckland in the case of Christchurch terminating flights across the Tasman would produce significant savings not only for Air New Zealand, but other carriers using Auckland.

Wellington's runway needs at least an extra 300 metres for

DC10s to be able to land under normal operating conditions.

Meanwhile Transport Ministry economists are putting the final touches to a report for Minister Colin MacLachlan to take to Cabinet later this year.

Air New Zealand has already estimated that keeping its three remaining DC10s to maintain the capital's Tasman air link open is costing \$4 million a year.

## Complete design and printing service with Guaranteed delivery

When you've a business form order to place urgently the last thing you need are excuses.

We're IBF. Innovators of Business Systems and Form Design.

We'll design, print and deliver to brief. Any feature. Any size. Any quantity.

And we work fast! Our flexibility enables us to achieve virtually any design imaginable. And handle those last minute orders.

We'll supply full colour proofs, so you see exactly what you're getting. And we work just that much harder to meet every delivery date for every job.

Call us. You'll like the reception. You'll love the results.



Innovators of Business Systems and Form Design

4 WAIKAIKOU ROAD, GLEN EDEN  
AUCKLAND 7  
NEW ZEALAND

P.O. BOX 20-142 GLEN EDEN  
TELEPHONE GLE5384 & 5445

**INTERNATIONAL BUSINESS FORMS LIMITED**



## Anthony acts as prime mover in establishing Tasman trading bloc

AUSTRALIAN Deputy Prime Minister Doug Anthony is the main mover in the Federal Government's drive toward negotiating a new trade agreement with New Zealand. It was Anthony who suggested the setting up of the Australia New Zealand Businessmen's Council, which represents a wide range of banking, transport and manufacturing corporations in Australia.

The council has already had two meetings and has as its main objective the major expansion of trade between the two countries.

Anthony spoke to the council in July and said: "Trading blocs are the name of the game today. Nafta simply won't be able to meet our needs in the years ahead."

"There can be no doubt that the shape of the association between Australia and New Zealand, and the formal arrangements on which it is built, will be of critical importance in the difficult years that lie ahead."

The significance of Anthony's role in this matter, which could lead to the formation of a free trade area or customs union, is that he is the leader of the Country Party in the Government coalition. His support signals that the Australian farming groups are no longer fearful of New Zealand agriculture as a competitor on the home market.

### CHANGING YOUR COMPUTER PROGRAMME?

**The Situation**  
Your computer programmes continually require change because your markets or your procedures change. Your volumes increase and the system becomes strained.

**The Problem**  
Changing programmes is the bane of every programmer's life. Dissatisfaction leads to delays and errors.

**Documentation—A Partial Solution**  
Better documented programmes are more quickly and more easily changed. Commercial Computing can supply people to document your systems.

**Expert Staff**  
Commercial Computing have expert programmers available right now to bring your programmes up to date. Use of our programmers could free your own staff for development of new systems.

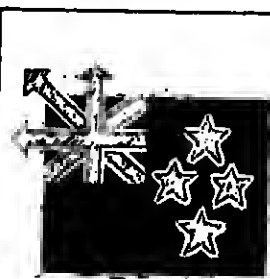
**Charges**  
An hourly rate, a fixed quota or a monthly fee on a per statement basis.

**Priority**  
You set the priority for each situation and we react accordingly.

For further information contact:

**COMMERCIAL COMPUTING LIMITED**  
40 Hobson Street  
Box 11025  
Wellington

**Telephones:**  
Wellington ..... 726011  
Auckland ..... 774948  
Hamilton ..... 84131



OVERSEAS TRADE

The setting up of such free trade arrangements is being taken extremely seriously in Australia.

Some go further: The Deputy Labour Party leader, Lionel Bowen, the Australian Financial Review and Sydney Daily Telegraph have called for political union with New Zealand.

Australia's major manufacturing lobby, the Confederation of Australian Industry, is hard at work on the issue.

Officials of the Canberra-based confederation have been working for a year and one describes the effort as "very intense". He expects that it will take another year to finish the study.

"The problem with Nafta is that it is built around exceptions and the objection procedures are too easy to apply," says the CAI official.

"It is too cautious, too narrow. We need something more ambitious."

CAI president Sir Max Dillon met Rob Muldoon when in New Zealand last April, a week after Anthony visited and discussed trade with Muldoon.

"It is my personal view that the two countries need to be closer together," Dillon said.

The issue was first raised early in 1978, when Brian Talboys visited Canberra and met Malcolm Fraser. Since then, Anthony went to Wellington, Fraser discussed it with Hugh Templeton at the UNCTAD conference in Manila and Muldoon and Fraser talked again at Lusaka.

There has been a number of views expressed over the last year that Australia should help out New Zealand. The attitude has been slightly paternal, but industry leaders realise that it is not just a matter of bailing out New Zealand. There is a realisation that New Zealand economic health is essential to Australian industry in view of the fact that New Zealand is Australia's largest customer for manufactured goods.

A useful comparison is Tasmania, which is in even worse economic shape than New Zealand and is dependent on a narrow range of products. It is possible to argue that were Tasmania not within the Australian economy, it would not be a viable unit.

Farming groups no longer see New Zealand as a threat. In fact Australian National Farmers Federation spokesman Alec Norquay believes economic union should be followed by some sort of political tie-up (section 121 of the Australian Constitution allows for admission of new states by act of Parliament).

In the meat market, lamb and pork are already on Nafta's zero duty list and beef has only a minor tariff, thus an almost free-trade situation already exists in these commodities.

New Zealand has recently stepped up its exports to take advantage of the boom in Australian prices. And Australian wine growers would welcome free access to the New Zealand market, rather than the tariff loading that now exists.

In Sydney this week it is possible, for example, to buy Jacobs Creek claret at \$2.10 a bottle and casks (which represent more than six bottles in volume) as low as \$5.

The only farming group that would complain is the dairy men. Australian cheese sells for much higher prices than the local product in New Zealand, so cheap New Zealand cheese would seriously undermine Australian producers.

In all, though, there is serious commitment in Australia to the massive advancement in trade and the further interlocking of the two economies.

by John Draper and  
Rae Mazengarb

POLITICIANS both sides of the Tasman are showing how to roll the Nafta obstacle from the path of closer trading links.

Signed in 1965, the New Zealand Australia Free Trade Agreement has undoubtedly played an important role in developing trade between the two countries.

But there have been rumblings from the Australian side at the lack of progress in widening tariff-free trade for some time.

The last round of talks in March, was described as a "big yawn" by Australian sources.

In Geneva, the multilateral trade negotiations finally reached agreement after years of talks but left New Zealand and Australia with little benefit.

Both are disappointed that there was little progress in opening up world markets to

agricultural products as well as industrial products.

The result has almost been predictable. Australia's Deputy Prime Minister and Trade Minister Doug Anthony has made strong statements indicating the need for a new look at the Tasman arrangement.

Overseas Trade Minister Brian Talboys and Prime Minister Rob Muldoon, though more cautious, have taken the same view.

The options, being studied by officials in both countries, are numerous.

The freeing of trade could take the form of free trade area, customs union, economic community, or a type of hybrid.

Re-forming Nafta to fulfil its aims to produce a genuine free trade area could be the first. Nafta has become bogged down in its own bureaucracy. Talks, which are held twice a year, are quadripartite, in ward developed to include manufacturers and Government from both sides.

The smallness of Nafta's New markets in South Asia, though initially a

The first step is relatively easy. A key goods was put in a basket meaning those industries becomes tariff free in certain period.

Later other schedules and D - developed a quantitative restriction reflecting the different sizes and to exporting without penalty.

Officials became very conceding little or nothing veto by one side meant that that round of negotiations.

Adjusting the schedule positive stance, rather negative, may apply life into the agreement.

But Australia's manufacturers have to clear their eyes to be interested in the Nafta market to that extent.

The smallness of Nafta's New markets in South Asia, though initially a

## Options crystallise

## politicians attempt to overcome Nafta

The Department of Trade and Industry last week gave definitions of terms being used in the discussions of closer trans-Tasman economic relations.

● **Limited Free Trade Area:**  
This describes the present situation under Nafta where tariffs have been, or are being, reduced to zero on selected products traded between New Zealand and Australia, but this trade may still be affected by import quotas or other trade limiting arrangements. Each country retains its own external tariff and other trade policies applying to the rest of the world.

rapid growth and greater returns.

And in March, Australian manufacturers made their views clearly known at the talks.

Beyond a free trade area, which allows a country to set its own customs barriers, is a full customs union.

The European Common Market is an example of a full customs union, both for the good and bad points.

Such an agreement would allow the Tasman neighbours to trade freely between each other but to present a common front to the rest of the world.

Trade blocs of various types have developed since 1945, from the EEC to Comecon, the Communist trading block.

Asean, the grouping of Malaysia, Singapore, Thailand, Philippines and Indonesia, is one of the bigger and still developing trade groups. Australia tried to join but was rebuffed.

New Zealand Planning Council chairman Sir Frank Holmes has long advocated a free-trade area or customs union across the Tasman.

"The problem with Nafta is that there is no timetable for the complete freeing of trade", he says.

● **Full Free Trade Area:**

A situation in which tariffs and trade barriers are removed on all products traded between the countries involved. Each country retains its own external tariff and other trade policies applying to the rest of the world.

● **Customs Union:**

A free trade area, but with a common external tariff and common policies in other respects applying to imports from the rest of the world.

● **Economic Union or Economic Community:**

Sir Frank says his preference is for a free trade area, with harmonisation of tariffs and "other policies where this is necessary to make the free trade arrangements work equitably and effectively".

His argument is based on the view that our capacity to improve living standards and sustain full employment here depends on more New Zealand enterprises being internationally competitive.

"The gradual elimination of most barriers to trade across the Tasman would help in this."

"It would offer a combination of opportunities of selling in a wider unrestricted market and the greater stimulus of gradually intensified competition from Australian producers", he says.

Sir Frank also observes that the political climate in New Zealand seems to be more conducive to a bold move forward.

Not only have recent statements from Deputy Finance Minister Hugh Templeton been positive; Opposition Leader Bill Rowling also has spoken favourably about closer Tasman links (though he has been unenthusiastic about

A customs union, but with additional provisions allowing for the free movement of people, capital, factors of production and co-ordination of various aspects of economic policy and development strategy. In situations where this extends to the co-ordination of monetary, fiscal and exchange rate policies, and the adoption of a common monetary system, the term 'monetary union' is sometimes used.

● **Common Market:**

Can be applied to either the customs union, economic union or economic community situations.

making too-rapid changes). Sir Frank views as an essential requirement for real progress a commitment by both Governments to free trade in most products over a defined time period — say 15 years — in accordance with an agreed plan embodying principles on which the reduction of barriers would be based.

But he warns of the dangers of procrastination, whether it is through "excessive timidity" or bureaucratic delays.

So far our politicians have not come out strongly in favour of any one of the suggested options for the future, but there is general agreement that a plateau has developed in Nafta.

Yet both Australia and New Zealand have to take a wider Pacific view, Templeton has said, since neither country can expect much from the global situation.

If a free trade area or customs union coming within the next decade.

The New Zealand Institute of Economic Research puts for a "packaged approach" in an unrestricted free trade area.

In a report released last week the institute said a customs union would involve both countries in adjusting their external tariffs to a common level. Given the generally higher levels in New Zealand and the provisions

But echoing the warning of Sir Frank Holmes, action is "now urgently required", said the report.

"Australia is continuing to strengthen trade ties with Asean nations and if New Zealand does not take prompt action, then the invaluable chance of a coordinated two-nation approach to common problems may be lost for a very long time".

### Manufacturers optimistic

by Rae Mazengarb

MANUFACTURERS on both sides of the Tasman are now optimistic about the prospects of a union.

For years New Zealand manufacturers fought the freeing of trade for fear they could not compete with the Australians.

Yet today manufacturers make up 25 per cent of New Zealand's exports.

While the New Zealand Manufacturers' Federation has not yet adopted any formal position over the various options, it is in the process of formulating a stance.

Economist Wayne Coffey is preparing a paper on the range of possibilities which will be presented to the Confederation of Australian Industry and our own export and trade relation committees for their consideration later this month.

It is expected the federation's proposals will stop short of a customs union. Certainly the manufacturers will insist on being centrally involved in the decision-making process.

Primary industry groups have not discussed the free trade concept on any formal level, but they appear fairly

open minded at this stage.

Chief executive officer of the New Zealand Federated Farmers' Union, Rob McLagan, has said that New Zealand could produce and market several products, especially dairy produce and lamb, to its advantage.

But McLagan points out his organisation would aim not to compete for an existing market, but rather to expand the total market.

While the population of cities as big as Sydney would provide a large market for New Zealand's horticultural products such as flowers and fresh fruits, economic union could threaten our wine and wheat industries.

Australian wines are technologically and climatically at an advantage, yet the New Zealand wine buyer pays dearly for them due to the present high tariff loading.

Good, popular Australian wines, suddenly available at half the price would be a threat to the wine industry here.

Likewise the wheat industry which supplies our internal requirements could suffer from the flow of wheat across the Tasman from its huge Australian counterpart.

## design-build-install and maintain...

Any project - custom built units to multi-million dollar complexes - IST experience and expertise is geared to handle the job right through.

Single Responsibility and single Accountability means less time and less problems for you.

You deal with us - we deal with the problems.

Structures, overhead cranes, conveyors, freight containers, industrial refrigeration plants and components, process plant and pipework systems and installations, fire protection systems, entire project cost.

IST offers the widest range of professional engineering and design services for every facet of industry.

Your project can become a reality.

**Fletcher REAL ESTATE**

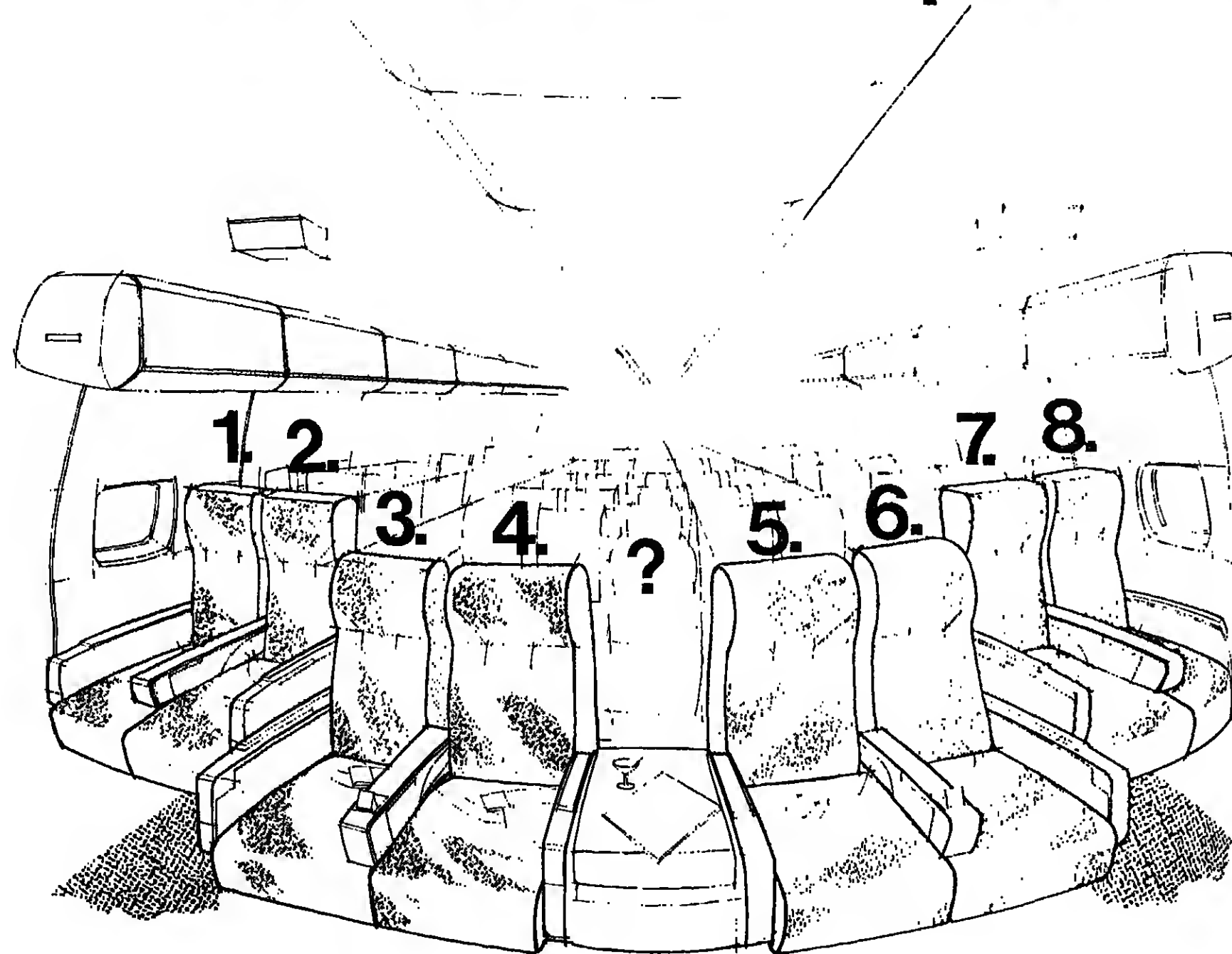
For your Office - Warehouse - Factory Needs

Design & Build - Property Management

Auckland 33-508 Wellington 723-529 Christchurch 798-621



# A brief lesson in commercial enterprise.



These cheaper fares are certainly stirring up the airline business.

Now, in an effort to increase revenue, most airlines are adding an additional seat per row.

But in the face of this international trend Swissair has made a commercial decision to retain only eight seats across in the Economy Class of their DC10's, arranging the seats in groups of two.

Swissair DC10's carry fewer passengers and in only two classes.

Economy and First Class.

This means that you have a more comfortable flight. You have a wider seat and wider aisle.

You have elbow room.

The cabin crew can give you more attention.

Everybody has an individual overhead locker so

that all cabin luggage is up off the floor.

And when you travel with Swissair on a full fare ticket, you can select and reserve here in New Zealand, the seat of your choice. It will be waiting for you when you connect with your Swissair DC10 flight in the Far East.

Link up with Swissair at either Singapore, Bangkok or Hong Kong on your next trip to Europe.

And when you arrive in Zurich, you are at the gateway to Europe.

Going on? Swissair gives you immediate connections to any major city in Europe.

Add it all up.

And the answer for New Zealand businessmen going to Europe?

Swissair

**swissair**

1 Queen St., Auckland Phone 372-341

## Unions and investment curbs worried Germans

WEST German politicians and business leaders — being encouraged by the New Zealand Government to invest in this country — have balked at our overseas investment policies and industrial relations.

The nature of their misgivings was spelled out in talks with New Zealand Cabinet Ministers and departmental officers in Rotorua in October last year. That was just before the general election — and the West Germans raised the question of a change of investment policy under a Labour Government.

The spectre of Comaleo also loomed over the discussions. The Comaleo project at Bluff was given as an example of Australian raw materials being combined with New Zealand energy resources. The West Germans were told that such a combination had been the point of the abandoned smaller now operating in New Zealand.

Whether they were told the nature of the Government's renegotiating the contract and changing the basis on which power was supplied to Comaleo is not known.

New Zealand's immigration policies were raised as another problem area. The West Germans were told our investment policy was under review under the National Government.

Visits by trade union leaders to West Germany were suggested as a means of overcoming industrial problems. Interestingly, Manufacturers Federation president Fred Turnovsky last week suggested that FIM president Jim Knox should visit West Germany.

The visit by the West German political leaders last year has been followed up this year by visits from teams of scientists and businessmen. No significant investment deals have resulted from the visits.

Minutes of the Rotorua meeting perhaps give a clue to why the West Germans have not been as eager to invest as the New Zealand Government has been eager to welcome West German investment.

Among those at the meeting were West Germany's Minister for Economics, Otto Count von Lamdorff, and New Zealand's Minister of Foreign Affairs (Brian Talboys), Minister of Regional Development (George Gair) and Associate Minister of Finance (Hugh Templeton).

Others present were Dr G. Sohl, of West Germany's Federation of Industries, Baron von Heereman, of the German Farmers Association, H. O. Vetter, of the German Trade Union Confederation, D. I. Gamble of New Zealand's Trade and Industry Department and I. D. Dick, from the Ministry of Energy.

The meeting was aimed at identifying areas of potential economic co-operation between New Zealand and West Germany.

TV2 newsmen last week made public the West German points of dispute.

Talboys was asked by TV2 to confirm if the minutes reported his statements fairly. He was also invited to appear on the news programme to comment on the disclosures. But he said he would have nothing to do with the news item because it was based on material which the TV2 team shouldn't have in its possession.

Instead of discussing the important points raised, he apparently called in the police to investigate a leakage of confidential information.

The minutes show that New Zealand hoped to review its overseas investment policy by the time the West German businessmen arrived here in March.

Templeton said it was up to New Zealand to tidy up its investment policy before the mission arrived.

More liberal overseas investment guidelines in fact were not announced until last month.

Dr Sohl first raised the question of restrictions on investment in New Zealand at the Rotorua meeting.

He noted that Germany was not always interested in 100 per cent equity holding. But there were misgivings about the so-called "25 per cent rule" in New Zealand.

Talboys put the rule in a historical perspective, and related it to certain political views on foreign ownership.

He emphasised that the rule might seem restrictive, but that in practice it was not and that each case was judged on its merits.

He emphasised that New Zealand wanted investment which developed its industry, and not merely bought up facilities which already had been developed in New Zealand.

These criteria would be reinforced further in an overview to be produced later.

Lamdorff noted that Germany had no fixed ideas about maximum levels of equity participation in industry. But he remained concerned about the apparent 25 per cent limit.

Talboys said the key question was where automaticity stopped.

He explained that no approvals were required for investments up to 24.9 per cent. Investments involving from 25 to 49 per cent were considered on their merits in regard to their benefit to New Zealand; and proposals over 50 per cent required investigation as special cases.

Lamdorff raised the question of Labour Party attitudes. He wanted to know what investment in the future was likely to be.

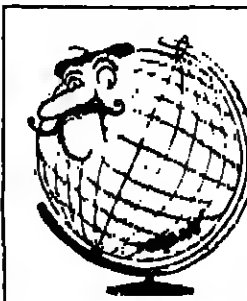
Talboys explained that whatever the Labour Party said before an election, its attitude could be different if it won the election.

He said that basic changes which had been occurring in the economy had been forcing changes of policy attitudes.

Templeton indicated that the Government would be preparing an overview on investment.

By the time the business mission arrived in New Zealand, the review should be completed.

West German trade union leader Vetter raised the question of labour relations.



THE EUROPEAN VIEW

This might affect possible investment co-operation between the two countries, he said.

He saw an English tradition in our trade unions. This could not be overcome overnight.

And Vetter said he had gained the impression from talks with trade union leaders in Wellington that they were not prepared to accept foreign investment steadily in view of current economic circumstances.

Lamdorff said Labour

relations were important for any investor. And the New Zealand system was not an attractive point for the Germans, he pointed out.

Vetter indicated that some New Zealand trade union leaders might be invited to Germany.

The Germans would actively seek such visits during international discussions, such as when New Zealand trade union leaders were visiting Europe.

One of the New Zealand officials suggested that if problems were to arise in industry, it would be useful if trade union experts of both countries could get together early to resolve such difficulties.

Lamdorff raised the question of New Zealand's immigration restrictions, describing the issue as "difficult".

He said the issue was "difficult".

He pointed out it was not possible to help with development if skilled people could not enter this country.

And he said there were potential was another investment target.

Templeton indicated New Zealand should take particular note of the point made about migration difficulties in relation to developing joint ventures and foreign investment needs.

The West Germans had their attention drawn to a number of investment prospects.

A priority area was identified as the yield of energy (including wood) and further development in fishing ventures.

New Zealand's exclusive economic zone was mentioned. The West Germans were told the total potential harvest of fish in the zone had not yet been assessed accurately.

There was need to measure the resources of the zone, and

the joint venture approved with Germany was a useful example of the way this could be further developed.

Referring to the growing protein needs of the world, Templeton raised the possibilities inherent in fishing and said exploration of resources would reach out also into the southern waters surrounding Antarctica.

New Zealand's large forest potential was said to be another investment target.

The visitors were told that two large forest areas would be available for cutting in the mid to end 1980s, and the end use of these forest areas had not yet been decided.

Another area for possible investment was further development of food processing and processing of primary products.

Development of the engineering sector in New Zealand was suggested also as an area for investment by German enterprises.

**TRUSTEE SAVINGS BANK**

NAME: *[Signature]*

ACCOUNT: *[Signature]*

DATE: *[Signature]*

**Tykenberg Photography**

NAME: *[Signature]*

R. BROWN

**TUROA**

SEASON PASS

VALID UNTIL OCT 31ST 1979

NOT TRANSFERABLE

H. R. Johnson

**cm**

CENTRAL MALL

DISCOUNT CARD

**PORT KEMBLA DISTRICT HOSPITAL**

NAME: *[Signature]*

P. FORBES

CLASSIFICATION: *[Signature]*

SURGEON

DEPARTMENT: *[Signature]*

EMPLOYMENT NO: 12345

## ID cards-plain or fancy in just two minutes

With a Polaroid portrait identification card, a glance tells you whether the person matches the picture. But an ID card should do more; it should suit the conditions of use. For that reason we've developed all sorts of ways to make our ID cards more convenient for both the user and the issuer. In addition to our standard highly secure cards that can be carried or worn as a badge, we have others with more sophisticated functions.

For instance, there's a card which can be punch-coded. We have a card which can be encoded to act like a key. We have a new card combining a magnetic stripe with a portrait and an embossed name and number.

But you don't have to worry about choosing the right card. We have specialists who can analyse your security problem and come up with the right answer for your special needs.

One thing you can be sure of: whatever card you choose, you'll know it is the most secure ID card you can use.

For more details on these cards and a demonstration of the ID3 system, write to Polaroid New Zealand Limited, P.O. Box 37-048, Auckland, or telephone Peter Kornowski collect on Auckland 771-662.

**Polaroid**



# NBR BUSINESS WEEK

## McLay sets framework for commercial reform

by Peter V O'Brien

JUSTICE Minister Jim McLay has expounded the philosophy that he wants to apply in promoting and passing commercial law reforms.

McLay gave the annual dinner of the Finance Houses Association a statement of his philosophy last week. The acceptance would say his generalities have to be judged against a background of Government action in the areas to which he addressed himself.

McLay's comments could come back to haunt him if

people examine current and future government legislation within the framework of his philosophical principles.

McLay had five points. The first was the currently popular enunciation of belief in private enterprise — so appropriate starting point since the address was given to the nation's financiers in the panelled dining room of the Wellington Club, under the portrait of bewhiskered early president Brandon Gairdner. McLay's head ss the port did the rounds.

"First there is the belief in

private enterprise and free competition; and the firm conviction that it is the private sector that is more efficient and better able to handle most enterprise particularly commercial enterprise. If we have learned nothing else, in the years since 1935, we are now aware of the danger of allowing an all powerful state to conduct our affairs.

"The Government's role should be no more than to create the necessary conditions within which commerce, industry, the professions, art, literature and

education can thrive and prosper to the benefit of the whole community."

A final principle, which could be applied usefully in the field of transport licensing, the ability of private enterprise to compete with the railways, the State-owned airline, and local body transport. Perhaps McLay meant existing commerce, industry, etc to the extent to which they do not enter areas which the State has marked out for itself.

McLay elaborated his first principle: "at no time since the days of the early settler

has this country had a more urgent need for the skills, ingenuity and drive of the individual entrepreneur."

True, and certain to be supported by those entrepreneurs who have tried to work their way through the maze of approvals, reports, inter-departmental committees, and paralysed ministers who are empowered to decide whether there is an "urgent need" for particular skills, ingenuity and drive.

McLay's second principle related to a "clear ownership of the role that the State should — and more important should — play in controlling and regulating business affairs."

He believed that the State should do no more than define the boundaries within which the private sector can operate. "There is no doubt that in certain circumstances rules are necessary for the protection of the public and sometimes for the protection of the commercial sector itself."

He then referred to the Finance Houses Association support for the Securities Act, which would ensure that the public is properly informed in investment matters, and that, "as a result, the reputation of legitimate, safe investment does not suffer."

There would be little quarrel with the Securities Act, but McLay could usefully bring his philosophical point to the attention of his brethren holding the portfolios of Transport, Works, Trade and Industry, Overseas Trade (in the field of a limited number of licences to export particular types of produce, which the licenceholders often present him, and immigration (trying to fit an overseas person into the categories of desired immigrants).

McLay said his third point was his non-acceptance of the proposition that "private industry and commerce (being concerned as they must be with efficiency and profitability) are incapable of seeing in a socially responsible manner."

Good stuff, which might be pointed out to his leader when the letter is next prompted to wove stick at whatever target may be attracting his attention.

The fourth McLay principle was self-regulation. "I believe that, if there is a need for regulation and control — and I think we all accept it in certain

circumstances... then it better provided by those who operate in the market itself."

Thus, apparently, a harness for people on horse administrative and legal bodies which regulate control industry and a worse.

McLay was, of course drawing attention to the composition of the Securities Commission, a body comprises people who are or have operated in the marketplace. But a philosophical principle is an unfortunate generalisation, which is a usefully examine in fields.

Finally, McLay had a philosophical comment: "That it is an efficient profitable private sector provides more and better and working conditions greater investment and production and exportings."

Application of that principle has wide reaching effects once referred to received the accolade of initiation from public looking for a place "businessmen who are socialists when they lose and capitalists when they make a profit".

New Zealanders promote "efficiency and profitability", which is with it the proposition that inefficient and unprofitable should be neither encouraged nor supported?

McLay quoted Lord Duns of the House of Lords who said of law reform: "That he should come to will better around his and adventure a hanging and failed in his undertakings. McLay said the anyone who would not reform the law is to be the first and worst of the second". Lord Duns bit about the reality of hanging. McLay might not out to his colleagues.

## Analysing annual accounts

by Peter V O'Brien

ODLINS Ltd is a big company, but the annual report has deficiencies which are out of place in an organisation with total assets of \$80.5 million and a turnover of \$109 million.

First is the question of divisional accounting. Odlins is engaged in industries ranging from land development and housebuilding to electrical appliances, and has associated companies involved in furniture manufacture export of logs and wood chips, and other diverse activities.

The report has a chart breaking the group organisation into five main divisions, and a list of associated companies. But sales are lumped into a global total, and, apart from vague references to the year's trading in the managing director's review, it is impossible to calculate each division's performance.

Anyone with a knowledge of the economy understands that housebuilding and related activities are depressed, and likely to remain that way for some time, although they are told Odlins' results "reflected an improvement in the performance of our land and housing division".

But what do they make of the general statement about total group turnover: "This encouraging increase in turnover was achieved by obtaining a larger share of the reducing market for builders supplies, by extending our activities into local areas of trading not previously pursued and by expanding our export markets

and consequently increasing our export sales".

What new areas of trading? How much did export sales return? The report says exports were 24.2 per cent higher in value than in 1978, before taking account of exports made through associated companies. What was the base from which the 24.2 per cent was struck?

The point is relevant when one looks at Odlins' tax provision. The company had pre-tax trading profit of \$1,320,000, compared with \$1,895,000 in the previous year. The tax liability was \$1,262,461, or 29.16 per cent of pre-tax earnings. In 1978 the group paid \$603,219 in tax (20.82 per cent), after taking in a stock adjustment allowance of \$502,008.

The statement of accounting principles has the usual comment on taxation: "The charge for income tax is the amount of the estimated tax liability calculated at the company rate of 45 cents per \$1 in respect of the accounting profit reported for the year after making allowances for concessions, including export market development expenditure, investment allowances and development expenditure relating to afforestation and farming" (NBR emphasis).

There is a considerable difference between a concession for export market development expenditure and an allowance for development expenditure "relating to afforestation and farming", but

### Odlins Limited

Annual Report and Accounts, 1979



No reader will discover which allowance or concession provided which amount of tax relief.

The group reveals expenses, and that is a credit point. The statement of expenses shows that materials services and

"sundry expenses" increased 8.9 per cent over 1978, compared with a 10.9 per cent lift in turnover, excluding sundry income. Salaried wages and other items connected with remuneration went up 9.4 per cent, so the group imposed light cost controls.

The structure of the balance sheet reflects the changing trading pattern in Odlins' industries. Rise of \$6 million in both current assets and current liabilities are broken down fully in the notes. The movement in current assets related particularly to a \$4.1 million increase in stocks, of which "timber and joinery" contributed \$1.2 million, the Zip Industries subsidiary \$1.83 million, and Tingey \$840,000. Holdings of housing and land were down \$500,000 on the previous year. Debtors moved up a reasonable \$2 million from the \$16.8 million in the 1978 report.

On the liabilities side, creditors increased \$4.2 million, while the current portion of term liabilities went

from \$1,818,920 in 1978 to \$3,553,689 last year.

The company may be taking action now to refinance that money, and will find any new funds more expensive than the amounts shown in the balance sheet.

Odlins' interest rates on mortgages and term loans are listed in three groups: between 5 and 7.5 per cent (\$257,852); 8 to 10 per cent (\$712,154); and 10.5 to 12.75 per cent (\$1,960,947).

Interest rates on registered debenture stock at balance date were: 8.75 to 8 per cent (\$2,847,248 — happy days); 9.75 to 10.5 per cent (\$3,811,400); and 11.5 to 12.5 per cent (\$1,326,755). Those rates are unlikely to be seen this year unless Odlins has a fairly godmother-father, and new funding will increase the current interest bill.

Total interest payments last year were 2 per cent of turnover. If the company can lift turnover significantly this year and in 1980-81, it may

maintain the ratio. The schedule of debt repayments suggests that the dollar outflow will rise substantially in each of those years, unless debt is financed from internal sources.

The company is in reasonable financial shape, but the return on funds has slumped to an unsatisfactory level. Odlins earned 7.53 per cent on average shareholders funds last year, after allowance for minority interests in group profit, compared with 9.27 per cent in 1978, 15.65 per cent in 1977, 14.21 per cent in 1976 and 17 per cent back in 1975 (more happy days).

Some assets were revalued over that period with a consequent rise in capital reserves, but the return on shareholders funds has deteriorated significantly in real terms. Trading profit after tax is still \$1 million below that of 1977, reflecting the state of the economy, although the directors are still optimistic in the longer term.

## Our symbol appears on every 50 cent piece in the country

### UDC in Construction

UDC has provided money for machinery and facilities totalling many millions of dollars so that New Zealanders can face the future confident that their power and manufacturing requirements are well catered for.



We like to think that it's a symbol of our role today... making every dollar do big things for New Zealand. Whenever you think of money, think of UDC... and how they help you and New Zealand's future.

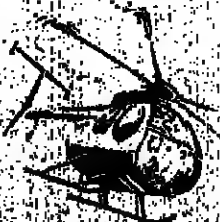
### UDC in the Management of our Resources

UDC has particular affinity with the timber industries — ensuring that operators have the equipment to manage our timber resources efficiently and wisely.



### UDC in Industrial Exploration

New Zealand is blessed with many resources — but more must be found, developed and utilised. Once again UDC is there... ever present to listen, to encourage, to help.



### UDC in Transport

For both the convenience of New Zealanders and the ever expanding influx of tourists, UDC is deeply involved in financing inland travel, motels and hotels throughout the country.

### UDC in Commerce

UDC are fully aware that the hardware required for efficient management... is costly. Over the past few years, many companies throughout New Zealand have called on the financial help of UDC — and benefited.



Making every dollar do big things for New Zealand.

**Introducing The 40 year inflation-proof holiday**

A unique opportunity has arisen for you or your company to have a luxurious holiday villa set aside at THC Wairakei for one week every year for 40 years.

It's called time-sharing, and it's already the greatest vacation idea to hit Europe and America in the past decade.

**Here's What You Get.**

One time-share at THC Wairakei entitles you to a newly completed luxury villa with two fully furnished bedrooms (each with its own bathroom and colour TV) lounge room and fully equipped kitchen.

**Plus** Access to all the facilities of an international resort hotel.

**Plus** No further property expenses. Even your electricity is paid for. All you buy is food, drinks and other personal items.

Full maintenance, refurbishing every ten years if required, and the right to sell, transfer, gift or mortgage your time-share at any time. Your time-share investment can be financed through NZ Finance Ltd.

**Plus** Three years free membership to Resort Condominiums International (RCI) which means you can exchange your time-share week for equal time at a luxury resort overseas.

**Almost Half-Tarifit.** Depending on the time of year you choose, your time-share investment will cost you \$9,950 at most, or \$6,800 for "low season". Present Villa rates top \$70,000 a night. You'll pay only \$35.34 and it won't change for 40 years.

Post this coupon today for full details of this incredible offer and a personal invitation to meet a representative of THC will be arranged at a convenient date.

**THC**

**Tourist Hotel Corporation of New Zealand**

Send coupon to: Tourist Hotel Corporation, PO Box 2340 Wellington.

Name \_\_\_\_\_ Phone Number \_\_\_\_\_

Address \_\_\_\_\_

Occupancy \_\_\_\_\_

## National Bank Base Rate

The National Bank of New Zealand Limited announces with effect from 17th August 1979 its Base Rate for lending is 9 1/4%.

**The National Bank**

### Key indicators

	Period	Year	change	
Consumers Price Index — all groups base Dec 1977 = 100	June 79 Qtr.	1177	1047	+12.09
Building Permits Issued	Feb 79	11920.0m	967.7m	+23.94
Official Unemployment	Feb 79	10413	11004	+1.2
Official Unemployment — incl those on special work schemes	June 1979	8542	9544	+9.26
Registered Unemployed — incl those on special work schemes	July 1979	11,064	46,894	+8.9
NZUC Share Price Index	14 Aug	248.73	255.09	+6.2
Reserve Bank Share Price Index	14 Aug 79	1474	1372	+7.4

## MOTOR NEWS INDUSTRY NEWS

NOW AVAILABLE IN NZ— A new fortnightly News Bulletin for the Motor Industry

NOT A DIGEST OF PRE-PRINTED 'HAS-BEENS' BUT AN INSIDE OVERVIEW OF FACTUAL AND INFLUENTIAL MOTOR INDUSTRY NEWS ORIGINATED RIGHT AT ITS SOURCE

Auto Industry Data

Annual Subscription — ONLY \$62 (covers 25 issues) Multiple copies at half price

SPECIAL OFFER! Subscribe now and receive a FREE Vinyl Binder Cover

Complete the coupon below and forward to: Braynert Group Ltd, P. O. Box 1388, Rotorua.

Name \_\_\_\_\_ No. of \_\_\_\_\_

Company \_\_\_\_\_ Copies \_\_\_\_\_

Address \_\_\_\_\_

Cheque enclosed or charge to my credit card as follows:

☐ Amex ☐ Bankcard ☐ Diners ☐ Visa

Expiry Date \_\_\_\_\_ Signature \_\_\_\_\_



# Retail sales follow erratic growth pattern

by Peter V O'Brien

GROWTH of retail sales may be levelling off.

The June quarter figures released by the Department of Statistics last week reveal an erratic pattern when total store turnover is related to constant 1974 dollars, a technique which removes the effects of price inflation.

Total sales increased 4.8 per cent, when compared with the June quarter of 1978, against 3.8 per cent between March of that year and March, 1979, and 7.1 per cent on a December to December quarter basis.

The relationship between the June and March quarters of each year may lead to the conclusion that real sales are improving, but that comparison has to be considered with reference to the seasonal downturn in the second quarter of 1979.

The early part of last year was a bad time for retailers. They suffered from the decline in demand and from retrenchment in all aspects of the economy. Then the famed torrid summer, depending on one's viewpoint, economic stimulation worked through to the stores.

Between June, 1977 and June, 1978, retail store turnover fell 5.2 per cent in real terms, so the latest figures are struck from a depressed base.

The department's analysis omits price adjusted turnover by store types and it is impossible to work out which groups were above or below the overall 4.8 per cent lift on a June to June year.

Unadjusted statistics are produced. They show an understandable pattern.

A 2.3 per cent change in

sales of the butcher and poultry groups relates to the solid increase in export prices for meat, which is translated directly into the local market. Other food went up 22.5 per cent, in line with the rapid change in the corresponding section of the Consumers Price Index in recent months (a movement which has now steadied).

At the other end of the percentage changes, footwear and apparel increased (in straight dollar terms) 8.8 and 5.8 per cent respectively. The former seems to have two general components. First is the massive increase in leather prices, which creates buyer resistance to offset the higher prices of the footwear. Secondly, a declining adult population over the last year probably affected sales.

The apparel section is more complex. The population factor may play a part, but a relatively mild winter (which should show up to June quarter) could affect clothing sales. Retailers in that statistical group are cutting their losses, from casual observation of the August sales.

Price mark-downs in clothing stores are considerable this year, even in products which usually have a steady sales level, for example mens' suits. Clothing manufacturers have felt a squeeze for some time, with layoffs of staff, and adjustment to lower demand.

Furniture and soft furnishings improved 13.1 per cent over the 1978 June quarter, almost the same as the 13.3 per cent increase for the global "all store types". That market is a combination of furniture and furnishings for new dwellings (well down

on the previous year) and replacement goods. The latter changes regularly, so the "reasons" for shifts in demand in that area have many variables, and need much more detail before they can be subjected to meaningful analysis.

In the appliance sector, a lift of 13.1 per cent compares with a 27.8 per cent movement between March, 1978, and 1978. Chemists sales rose 6.1 per cent between June and June, compared with 10.7 per cent in March, calculated on a similar

annual basis. It would be interesting to know the effect of weather on that store group. Chemists enjoyed an 18.0 per cent sales increase between June 1977 and June 1978, unadjusted for price movements. Were there more sniffles last year, fewer in 1977, or again fewer this year? And what effect does sales of cosmetics have on the figures?

Those questions have to remain unanswered, but the regular solid increases in hardware, builders' hardware, and paint show that the

handyman and renovator is still a familiar sight in the nation's stores, and a hard worker on the nation's weekends.

That group served an impressive 22.3 per cent lift in dollar sales over 1978, even better than the most suppliers with the advantage of prices based on the export trade. The corresponding increase in the March quarter was 29.9 per cent.

Builders are going down the economic drain, but someone

is improving the end numerous existing subject to the effect of prices for goods with related to oil by-products.

An erosion of sales in real terms may be apparent by September, October 1979, as a reverse of the trend in the quarter of the calendar. Retailers will lose a difficult period if they decide to save, while spend any increase in home pay.

## Brierley: still alive and kicking

by Peter V O'Brien

THE market has overlooked the fact that the preliminary report from Brierley Investments Ltd is due in October. The considerable publicity given to the activities of Christchurch-based H W Smith Ltd, under the executive direction of ex-Brierley man Bruce Judge, may have something to do with that.

But the master is still in operation, in case anyone has forgotten. (Support for the New Zealand Ballet Company should have reminded the market that Ron Brierley and his executives in both New Zealand and Australia know about fancy footwork in many fields.)

The year which ended on June 30 should show another solid increase in profitability. The interim report said the directors anticipated a profit of at least \$3.8 million, compared with last year's earnings of \$2,735,000.

It can be assumed safely that a Brierley "anticipation" is conservatively based, and therefore a profit in excess of \$3.8 million, and probably post the \$4 million level, should be announced some time in October.

The group has done well in two areas, capital profits on the sale of shares where Brierley sold out to competing bidders, and from the company's share of net profit in trading concerns where it holds a large proportion of the share capital.

The Kamphornha Prosasaga came into the first category, as does the deal done in London with the Corn Exchange. The company said nothing about the profit from each of those transactions, but



INVESTOR INSIGHT

I would think the KP deal saw the bank balance improve at least a net \$1 million, while the Corn Exchange should have been very profitable.

The latter is a good example of Brierley technique. The usual headlines were written when the company announced its acquisition of the London company whose main asset was the Corn Exchange, followed by similar publicity when the holding was sold to other London interests.

But the average cost of those shares was probably low. Brierley built up a stake in the London company over a period of years at bargain prices, a practice which is followed in many other targets. It is common for the group to sit on an initial holding for minimal return until the time is appropriate for a move.

Some of these buying activities might even go back to the 1960s when the principle of buying into asset rich companies was a relatively new concept in most countries and unheard of (except for Brierley) in New Zealand.

The latest year one saw several "small" deals in Australia, each of which probably put about \$250,000 in the bank.

The earnings of trading companies in which Brierley Investment has large shareholdings will also boost group profit for the year to June 30.

Cyclone Industries, City Realities, and Weigas are three companies whose profits will look good in the annual report.

Then there will be dividends from those shareholdings which as yet have not been received (a prospect which can disturb the sleep of company directors in poorly performing but asset rich organisations).

It should also be remembered that Brierley's activities are a continuing moveable feast. The report due in October relates to a year which will then be substantial months. Business is still going on, and the current year should have started well.

The company has been relatively quiet in recent months, but examination of share sales in companies with a low price and substantial net asset backing for the units suggests that positions are still being taken. At the time NBR went to press, no statements have been made in this area, but group executives are unlikely to be sitting around

talking of past conquests.

It is reasonable to expect the announcement of a deal in New Zealand soon. My pick would be a company operating in difficult industries, with a strong asset structure, and trying to move into fields outside its traditional business. So start examining your share lists - such companies are limited in number.

Assuming that Brierley earns \$4 million for the 1978-79 year, earning rate on capital would move up from 1978's 43.3 cents for each \$100 share to about 50 cents (100 per cent in relation to the total capital).

The share price this year has gone from around \$2 to last week's price of \$2.40. A movement of 20 per cent is a good performance for any share, but Brierley scrip has been stable for some weeks, in spite of a solid rise in the total market.

At \$2.40, and an earning rate in the region of 50 cents a share, the price-earnings multiple is about 4.8. The dividend yield is down to 4 per cent, on the basis of last year's 12 cents a share payout (24 per cent).

But the yield is mendacious. Few shareholders invest in the company for a dividend yield, although old-time investors have done nicely from dividends which went from 11 cents a share in 1972's capital of \$500,000 to 12 cents on \$4,400,000.

The capital gains are greater. The company made 14 cents a share in 1978, and 14 cents a share in 1979, and 14 cents a share in 1980, and 14 cents a share in 1981, and 14 cents a share in 1982, and 14 cents a share in 1983, and 14 cents a share in 1984, and 14 cents a share in 1985, and 14 cents a share in 1986, and 14 cents a share in 1987, and 14 cents a share in 1988, and 14 cents a share in 1989, and 14 cents a share in 1990, and 14 cents a share in 1991, and 14 cents a share in 1992, and 14 cents a share in 1993, and 14 cents a share in 1994, and 14 cents a share in 1995, and 14 cents a share in 1996, and 14 cents a share in 1997, and 14 cents a share in 1998, and 14 cents a share in 1999, and 14 cents a share in 2000, and 14 cents a share in 2001, and 14 cents a share in 2002, and 14 cents a share in 2003, and 14 cents a share in 2004, and 14 cents a share in 2005, and 14 cents a share in 2006, and 14 cents a share in 2007, and 14 cents a share in 2008, and 14 cents a share in 2009, and 14 cents a share in 2010, and 14 cents a share in 2011, and 14 cents a share in 2012, and 14 cents a share in 2013, and 14 cents a share in 2014, and 14 cents a share in 2015, and 14 cents a share in 2016, and 14 cents a share in 2017, and 14 cents a share in 2018, and 14 cents a share in 2019, and 14 cents a share in 2020, and 14 cents a share in 2021, and 14 cents a share in 2022, and 14 cents a share in 2023, and 14 cents a share in 2024, and 14 cents a share in 2025, and 14 cents a share in 2026, and 14 cents a share in 2027, and 14 cents a share in 2028, and 14 cents a share in 2029, and 14 cents a share in 2030, and 14 cents a share in 2031, and 14 cents a share in 2032, and 14 cents a share in 2033, and 14 cents a share in 2034, and 14 cents a share in 2035, and 14 cents a share in 2036, and 14 cents a share in 2037, and 14 cents a share in 2038, and 14 cents a share in 2039, and 14 cents a share in 2040, and 14 cents a share in 2041, and 14 cents a share in 2042, and 14 cents a share in 2043, and 14 cents a share in 2044, and 14 cents a share in 2045, and 14 cents a share in 2046, and 14 cents a share in 2047, and 14 cents a share in 2048, and 14 cents a share in 2049, and 14 cents a share in 2050, and 14 cents a share in 2051, and 14 cents a share in 2052, and 14 cents a share in 2053, and 14 cents a share in 2054, and 14 cents a share in 2055, and 14 cents a share in 2056, and 14 cents a share in 2057, and 14 cents a share in 2058, and 14 cents a share in 2059, and 14 cents a share in 2060, and 14 cents a share in 2061, and 14 cents a share in 2062, and 14 cents a share in 2063, and 14 cents a share in 2064, and 14 cents a share in 2065, and 14 cents a share in 2066, and 14 cents a share in 2067, and 14 cents a share in 2068, and 14 cents a share in 2069, and 14 cents a share in 2070, and 14 cents a share in 2071, and 14 cents a share in 2072, and 14 cents a share in 2073, and 14 cents a share in 2074, and 14 cents a share in 2075, and 14 cents a share in 2076, and 14 cents a share in 2077, and 14 cents a share in 2078, and 14 cents a share in 2079, and 14 cents a share in 2080, and 14 cents a share in 2081, and 14 cents a share in 2082, and 14 cents a share in 2083, and 14 cents a share in 2084, and 14 cents a share in 2085, and 14 cents a share in 2086, and 14 cents a share in 2087, and 14 cents a share in 2088, and 14 cents a share in 2089, and 14 cents a share in 2090, and 14 cents a share in 2091, and 14 cents a share in 2092, and 14 cents a share in 2093, and 14 cents a share in 2094, and 14 cents a share in 2095, and 14 cents a share in 2096, and 14 cents a share in 2097, and 14 cents a share in 2098, and 14 cents a share in 2099, and 14 cents a share in 2100, and 14 cents a share in 2101, and 14 cents a share in 2102, and 14 cents a share in 2103, and 14 cents a share in 2104, and 14 cents a share in 2105, and 14 cents a share in 2106, and 14 cents a share in 2107, and 14 cents a share in 2108, and 14 cents a share in 2109, and 14 cents a share in 2110, and 14 cents a share in 2111, and 14 cents a share in 2112, and 14 cents a share in 2113, and 14 cents a share in 2114, and 14 cents a share in 2115, and 14 cents a share in 2116, and 14 cents a share in 2117, and 14 cents a share in 2118, and 14 cents a share in 2119, and 14 cents a share in 2120, and 14 cents a share in 2121, and 14 cents a share in 2122, and 14 cents a share in 2123, and 14 cents a share in 2124, and 14 cents a share in 2125, and 14 cents a share in 2126, and 14 cents a share in 2127, and 14 cents a share in 2128, and 14 cents a share in 2129, and 14 cents a share in 2130, and 14 cents a share in 2131, and 14 cents a share in 2132, and 14 cents a share in 2133, and 14 cents a share in 2134, and 14 cents a share in 2135, and 14 cents a share in 2136, and 14 cents a share in 2137, and 14 cents a share in 2138, and 14 cents a share in 2139, and 14 cents a share in 2140, and 14 cents a share in 2141, and 14 cents a share in 2142, and 14 cents a share in 2143, and 14 cents a share in 2144, and 14 cents a share in 2145, and 14 cents a share in 2146, and 14 cents a share in 2147, and 14 cents a share in 2148, and 14 cents a share in 2149, and 14 cents a share in 2150, and 14 cents a share in 2151, and 14 cents a share in 2152, and 14 cents a share in 2153, and 14 cents a share in 2154, and 14 cents a share in 2155, and 14 cents a share in 2156, and 14 cents a share in 2157, and 14 cents a share in 2158, and 14 cents a share in 2159, and 14 cents a share in 2160, and 14 cents a share in 2161, and 14 cents a share in 2162, and 14 cents a share in 2163, and 14 cents a share in 2164, and 14 cents a share in 2165, and 14 cents a share in 2166, and 14 cents a share in 2167, and 14 cents a share in 2168, and 14 cents a share in 2169, and 14 cents a share in 2170, and 14 cents a share in 2171, and 14 cents a share in 2172, and 14 cents a share in 2173, and 14 cents a share in 2174, and 14 cents a share in 2175, and 14 cents a share in 2176, and 14 cents a share in 2177, and 14 cents a share in 2178, and 14 cents a share in 2179, and 14 cents a share in 2180, and 14 cents a share in 2181, and 14 cents a share in 2182, and 14 cents a share in 2183, and 14 cents a share in 2184, and 14 cents a share in 2185, and 14 cents a share in 2186, and 14 cents a share in 2187, and 14 cents a share in 2188, and 14 cents a share in 2189, and 14 cents a share in 2190, and 14 cents a share in 2191, and 14 cents a share in 2192, and 14 cents a share in 2193, and 14 cents a share in 2194, and 14 cents a share in 2195, and 14 cents a share in 2196, and 14 cents a share in 2197, and 14 cents a share in 2198, and 14 cents a share in 2199, and 14 cents a share in 2200, and 14 cents a share in 2201, and 14 cents a share in 2202, and 14 cents a share in 2203, and 14 cents a share in 2204, and 14 cents a share in 2205, and 14 cents a share in 2206, and 14 cents a share in 2207, and 14 cents a share in 2208, and 14 cents a share in 2209, and 14 cents a share in 2210, and 14 cents a share in 2211, and 14 cents a share in 2212, and 14 cents a share in 2213, and 14 cents a share in 2214, and 14 cents a share in 2215, and 14 cents a share in 2216, and 14 cents a share in 2217, and 14 cents a share in 2218, and 14 cents a share in 2219, and 14 cents a share in 2220, and 14 cents a share in 2221, and 14 cents a share in 2222, and 14 cents a share in 2223, and 14 cents a share in 2224, and 14 cents a share in 2225, and 14 cents a share in 2226, and 14 cents a share in 2227, and 14 cents a share in 2228, and 14 cents a share in 2229, and 14 cents a share in 2230, and 14 cents a share in 2231, and 14 cents a share in 2232, and 14 cents a share in 2233, and 14 cents a share in 2234, and 14 cents a share in 2235, and 14 cents a share in 2236, and 14 cents a share in 2237, and 14 cents a share in 2238, and 14 cents a share in 2239, and 14 cents a share in 2240, and 14 cents a share in 2241, and 14 cents a share in 2242, and 14 cents a share in 2243, and 14 cents a share in 2244, and 14 cents a share in 2245, and 14 cents a share in 2246, and 14 cents a share in 2247, and 14 cents a share in 2248, and 14 cents a share in 2249, and 14 cents a share in 2250, and 14 cents a share in 2251, and 14 cents a share in 2252, and 14 cents a share in 2253, and 14 cents a share in 2254, and 14 cents a share in 2255, and 14 cents a share in 2256, and 14 cents a share in 2257, and 14 cents a share in 2258, and 14 cents a share in 2259, and 14 cents a share in 2260, and 14 cents a share in 2261, and 14 cents a share in 2262, and 14 cents a share in 2263, and 14 cents a share in 2264, and 14 cents a share in 2265, and 14 cents a share in 2266, and 14 cents a share in 2267, and 14 cents a share in 2268, and 14 cents a share in 2269, and 14 cents a share in 2270, and 14 cents a share in 2271, and 14 cents a share in 2272, and 14 cents a share in 2273, and 14 cents a share in 2274, and 14 cents a share in 2275, and 14 cents a share in 2276, and 14 cents a share in 2277, and 14 cents a share in 2278, and 14 cents a share in 2279, and 14 cents a share in 2280, and 14 cents a share in 2281, and 14 cents a share in 2282, and 14 cents a share in 2283, and 14 cents a share in 2284, and 14 cents a share in 2285, and 14 cents a share in 2286, and 14 cents a share in 2287, and 14 cents a share in 2288, and 14 cents a share in 2289, and 14 cents a share in 2290, and 14 cents a share in 2291, and 14 cents a share in 2292, and 14 cents a share in 2293, and 14 cents a share in 2294, and 14 cents a share in 2295, and 14 cents a share in 2296, and 14 cents a share in 2297, and 14 cents a share in 2298, and 14 cents a share in 2299, and 14 cents a share in 2300, and 14 cents a share in 2301, and 14 cents a share in 2302, and 14 cents a share in 2303, and 14 cents a share in 2304, and 14 cents a share in 2305, and 14 cents a share in 2306, and 14 cents a share in 2307, and 14 cents a share in 2308, and 14 cents a share in 2309, and 14 cents a share in 2310, and 14 cents a share in 2311, and 14 cents a share in 2312, and 14 cents a share in 2313, and 14 cents a share in 2314, and 14 cents a share in 2315, and 14 cents a share in 2316, and 14 cents a share in 2317, and 14 cents a share in 2318, and 14 cents a share in 2319, and 14 cents a share in 2320, and 14 cents a share in 2321, and 14 cents a share in 2322, and 14 cents a share in 2323, and 14 cents a share in 2324, and 14 cents a share in 2325, and 14 cents a share in 2326, and 14 cents a share in 2327, and 14 cents a share in 2328, and 14 cents a share in 2329, and 14 cents a share in 2330, and 14 cents a share in 2331, and 14 cents a share in 2332, and 14 cents a share in 2333, and 14 cents a share in 2334, and 14 cents a share in 2335, and 14 cents a share in 2336, and 14 cents a share in 2337, and 14 cents a share in 2338, and 14 cents a share in 2339, and 14 cents a share in 2340, and 14 cents a share in 2341, and 14 cents a share in 2342, and 14 cents a share in 2343, and 14 cents a share in 2344, and 14 cents a share in 2345, and 14 cents a share in 2346, and 14 cents a share in 2347, and 14 cents a share in 2348, and 14 cents a share in 2349, and 14 cents a share in 2350, and 14 cents a share in 2351, and 14 cents a share in 2352, and 14 cents a share in 2353, and 14 cents a share in 2354, and 14 cents a share in 2355, and 14 cents a share in 2356, and 14 cents a share in 2357, and 14 cents a share in 2358, and 14 cents a share in 2359, and 14 cents a share in 2360, and 14 cents a share in 2361, and 14 cents a share in 2362, and 14 cents a share in 2363, and 14 cents a share in 2364, and 14 cents a share in 2365, and 14 cents a share in 2366, and 14 cents a share in 2367, and 14 cents a share in 2368, and 14 cents a share in 2369, and 14 cents a share in 2370, and 14 cents a share in 2371, and 14 cents a share in 2372, and 14 cents a share in 2373, and 14 cents a share in 2374, and 14 cents a share in 2375, and 14 cents a share in 2376, and 14 cents a share in 2377, and 14 cents a share in 2378, and 14 cents a share in 2379, and 14 cents a share in 2380, and 14 cents a share in 2381, and 14 cents a share in 2382, and 14 cents a share in 2383, and 14 cents a share in 2384, and 14 cents a share in 2385, and 14 cents a share in 2386, and 14 cents a share in 2387, and 14 cents a share in 2388, and 14 cents a share in 2389, and 14 cents a share in 2390, and 14 cents a share in 2391, and 14 cents a share in 2392, and 14 cents a share in 2393, and 14 cents a share in 2394, and 14 cents a share in 2395, and 14 cents a share in 2396, and 14 cents a share in 2397, and 14 cents a share in 2398, and 14 cents a share in 2399, and 14 cents a share in 2400, and 14 cents a share in 2401, and 14 cents a share in 2402, and 14 cents a share in 2403, and 14 cents a share in 2404, and 14 cents a share in 2405, and 14 cents a share in 2406, and 14 cents a share in 2407, and 14 cents a share in 2408, and 14 cents a share in 2409, and 14 cents a share in 2410, and 14 cents a share in 2411, and 14 cents a share in 2412, and 14 cents a share in 2413, and 14 cents a share in 2414, and 14 cents a share in 2415, and 14 cents a share in 2416, and 14 cents a share in 2417, and 14 cents a share in 2418, and 14 cents a share in 2419, and 14 cents a share in 2420, and 14 cents a share in 2421, and 14 cents a share in 2422, and 14 cents a share in 2423, and 14 cents a share in 2424, and 14 cents a share in 2425, and 14 cents a share in 2426, and 14 cents a share in 2427, and 14 cents a share in 2428, and 14 cents a share in 2429, and 14 cents a share in 2430, and 14 cents a share in 2431, and 14 cents a share in 2432, and 14 cents a share in 2433, and 14 cents a share in 2434, and 14 cents a share in 2435, and 14 cents a share in 2436, and 14 cents a share in 2437, and 14 cents a share in 2438, and 14 cents a share in 2439, and 14 cents a share in 2440, and 14 cents a share in 2441, and 14 cents a share in 2442, and 14 cents a share in 2443, and 14 cents a share in 2444, and 14 cents a share in 2445, and 14 cents a share in 2446, and 14 cents a share in 2447, and 14 cents a share in 2448, and 14 cents a share in 2449, and 14 cents a share in 2450, and 14 cents a share in 2451, and 14 cents a share in 2452, and 14 cents a share in 2453, and 14 cents a share in 2454, and 14 cents a share in 2455, and 14 cents a share in 2456, and 14 cents a share in 2457, and 14 cents a share in 2458, and 14 cents a share in 2459, and 14 cents a share in 2460, and 14 cents a share in 2461, and 14 cents a share in 2462, and 14 cents a share in 2463, and 14 cents a share in 2464, and 14 cents a share in 2465, and 14 cents a share in 2466, and 14 cents a share in 2467, and 14 cents a share in 2468, and 14 cents a share in 2469, and 14 cents a share in 2470, and 14 cents a share in 2471, and 14 cents a share in 2472, and 14 cents a share in 2473, and 14 cents a share in 2474, and 14 cents a share in 2475, and 14 cents a share in 2476, and 14 cents a share in 2477, and 14 cents a share in 2478, and 14 cents a share in 2479, and 14 cents a share in 2480, and 14 cents a share in 2481, and 14 cents a share in 2482, and 14 cents a share in 2483, and 14 cents a share in 2484, and 14 cents a share in 2485, and 14 cents a share in 2486, and 14 cents a share in 2487, and 14 cents a share in 2488, and 14 cents a share in 2489, and 14 cents a share in 2490, and 14 cents a share in 2491, and 14 cents a share in 2492, and 14 cents a share in 2493, and 14 cents a share in 2494, and 14 cents a share in 2495, and 14 cents a share in 2496, and 14 cents a share in 2497, and 14 cents a share in 2498, and 14 cents a share in 2499, and 14 cents a share in 2500, and 14 cents a share in 2501, and 14 cents a share in 2502, and 14 cents a share in 2503, and 14 cents a share in 2504, and 14 cents a share in 2505, and 14 cents a share in 2506, and 14 cents a share in 2507, and 14 cents a share in 2508, and 14 cents a share in 2509, and 14 cents a share in 2510, and 14 cents a share in 2511, and 14 cents a share in 2512, and 14 cents a share in 2513, and 14 cents a share in 2514, and 14 cents a share in 2515, and 14 cents a share in 2516, and 14 cents a share in 2517, and 14 cents a share in 2518, and 14 cents a share in 2519, and 14 cents a share in 2520, and 14 cents a share in 2521, and 14 cents a share in 2522, and 14 cents a share in 2523, and 14 cents a share in 2524, and 14 cents a share in 2525, and 14 cents a share in 2526, and 14 cents a share in 2527, and 14 cents a share in 2528, and 14 cents a share in 2529, and 14 cents a share in 2530, and 14 cents a share in 2531, and 14 cents a share in 2532, and 14 cents a share in 2533, and 14 cents a share in 2534, and 14 cents a share in 2535, and 14 cents a share in 2536, and 14 cents a share in 2537, and 14 cents a share in 2538, and 14 cents a share in 2539, and 14 cents a share in 2540, and 14 cents a share in 2541, and 14 cents a share in 2542, and 14 cents a share in 2543, and 14 cents a share in 2544, and 14 cents a share in 2545, and 14 cents a share in 2546, and 14 cents a share in 2547, and 14 cents a share in 2548, and 14 cents a share in 2549, and 14 cents a share in 2550, and 14 cents a share in 2551, and 14 cents a share in 2552, and 14 cents a share in 2553, and 14 cents a share in 2554, and 14 cents a share in 2555, and 14 cents a share in 2556, and 14 cents a share in 2557, and 14 cents a share in 2558, and 14 cents a share in 2559, and 14 cents a share in 2560, and 14 cents a share in 2561, and 14 cents a share in 2562, and 14 cents a share in 2563, and 14 cents a share in 2564, and 14 cents a share in 2565, and 14 cents a share in 2566, and 14 cents a share in 2567, and 14 cents a share in 2568, and 14 cents a share in 2569, and 14 cents a share in 2570, and 14 cents a share in 2571, and 14 cents a share in 2572, and 14 cents a share in 2573, and 14 cents a share in 2574, and 14 cents a share in 2575, and 14 cents a share in 2576, and 14 cents a share in 2577, and 14 cents a share in 2578, and 14 cents a share in 2579, and 14 cents a share in 2580, and 14 cents a share in 2581, and 14 cents a share in 2582, and 14 cents a share in 2583, and 14 cents a share in 2584, and 14 cents a share in 2585, and 14 cents a share in 2586, and 14 cents a share in 2587, and 14 cents a share in 2588, and 14 cents a share in 2589, and 14 cents a share in 2590, and 14 cents a share in 2591, and 14 cents a share in 2592, and 14 cents a share in 2593, and 14 cents a share in 2594, and 14 cents a share in 2595, and 14 cents a share in 2596, and 14 cents a share in 2597, and 14 cents a share in 2598, and 14 cents a share in 2599, and



# HERTZ. WINNING BY PUTTING YOU FIRST.

Winners don't come second. In America, South America, the U.K. and Europe, Hertz has consistently offered more cars, more locations and more innovations. Now we're winning in Asia Pacific.

We're growing faster than our competitors in Asia Pacific and we're doing it by putting you first.

**HERTZ HAS THE WINNING NUMBER.**



Of course having so many cars requires a sophisticated maintenance programme to keep them all in perfect running condition. To put you first we can't put you in a loser.

**PLASTIC THAT'S WORTH ITS WEIGHT IN GOLD.**

A Hertz credit card offers you instant rent-a-car credit at any Hertz location. All you get billed for is the cost of the rental. The Hertz Corporate Discount Plan allows your company to rent more Hertz cars and pay less for them. With Hertz, more business means smaller bills.

To find out more about the Hertz Credit Card, or the Hertz Corporate Discount Plan fill in the coupon. Send it to Hertz Asia Pacific Regional Office, 55 Lavender Street, Milsons Point, Sydney, New South Wales, 2061.

We'll send you application forms, information and a voucher for \$US25. It entitles you to \$US25 off your first rental with a Hertz credit card in Asia Pacific.

Hertz puts your pocket first too.



American Samoa - Australia - Fiji - Guam - Hawaii - Hong Kong - Indonesia - Japan - Malaysia - Nepal - New Caledonia - New Hebrides - New Zealand - Norfolk Island - Papua New Guinea - Philippines - Salpan - Singapore - Sri Lanka - Tahiti - Thailand - Western Samoa

We have 4,000 locations throughout the world. We recently won all 58 key Australian airports. We have more airport locations in Asia Pacific than any other car rental company. And, we are now open in Indonesia. To put you first we can't come second.

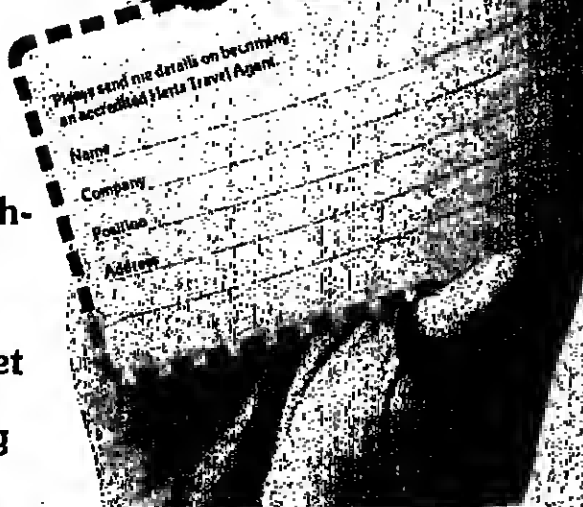
The Hertz world wide fleet features Ford cars and trucks of just about every size and description. The vehicles we offer in Asia Pacific make us twice as big as our nearest competitor.

**RENT FROM THE WORLD'S NO.1 THROUGH JAPAN'S NO.1.**

In Japan you needn't be without Hertz. We have an exclusive relationship with Nippon Rent-A-Car Service, Japan's No. 1.

Like Hertz, Nippon didn't get to be No. 1 by being second in service and quality. Before leaving Japan for an overseas trip call Nippon. They can arrange a

\*Japan's largest car and truck rental organisation. Hertz rents Fords and other fine cars.



## Free enterprise tips Honey Bd power balance

by Warren Berryman

FREE enterprise forces have upset the balance of power on the Honey Marketing Authority's five-man board. And the breaking of its monopoly on exports is jeopardising the authority's existence. (See NBR, July 18, 1979).

Agriculture Undersecretary, Ron Talbot, opening the National Beekeepers' Conference, put the options thus: "Either a funding levy borne by the whole industry and I stress the word whole or the authority must have complete control over exports."

"To me the thought of the authority having complete control over exports is not an overly appealing one."

"However, unless the authority is supported by one or other of these two regulative, it cannot continue to act as a stabilising influence by buying honey at a guaranteed price and holding honey surpluses till overseas prices improve."

Beekeepers are split into two major factions. The big operators, mostly from the North Island, pack and export their own honey. They neither supply the HMA with honey, nor do they want HMA interference in their business. South Island producers tend to be smaller and dependent on the HMA to take their honey.

The North Island consumes its total honey production, the South Island produces a 1000-tonne surplus.

Beekeepers Association president and HMA board member Mike Stuckey suggested that the HMA was at a crunch point; it was "time to stop arranging the deck chairs on the Titanic."

"If the authority cannot make a go of it in the commercial world, and this is not yet proven, then it is time to look at alternatives", Stuckey said.

Stuckey suggested that South Island producers form their own co-op with a self-imposed HMA. And North Island producers could be left to pack, market, and export as free enterprisers.

South Island producers are not united in their support of an export monopoly for the HMA. A section of South Island beekeepers produce honeydew, a honey from bees who gather exudates of scale insects living on beech tree sap.

This honey has a flavour distinct from nectar honey. The honeydew producers want to be excluded from HMA control over exports.

Stuckey's suggestion obviously found no favour with the Government, which was pushing for continued control over the industry and a system whereby North Island producers would have to pay a levy to an HMA they did not supply, and claimed they neither needed nor wanted.

But Stuckey's suggestion is likely to receive serious consideration. The HMA's total throughput is about 2000 tonnes of honey a year; only 800 tonnes of it comes from the North Island.

Throughout for the HMA's Auckland plant is too little for economic operation of the present facility. This situation is being reviewed.

At the same time the HMA is expanding its facility at Pleasant Point, near Timaru. The likely outcome is a big honey plant in the South Island and a mere distribution point in Auckland — an ideal selling for the North Island producers to hand the whole HMA, together with its restrictions, to the South Islanders.

But the meeting did not go this far in its decision making. It agreed to review the situation only.

As to the future viability of the HMA, the meeting rejected calls for an industry-wide levy and or restrictions on exports by the HMA.

The meeting decided that in future the HMA would not be forced to accept all honey as was the case in the past.

The HMA can now select the honey it wants to buy according to market criteria.

The HMA would thus give up its stabilisation role and transform itself from a producer oriented body to a marketing body — not an easy transition for a producer board.

To do this the HMA would be competing with private interests and the heated argument between pro and anti-HMA beekeepers will be undoubtedly exacerbated. It is also unlikely that the HMA could survive in the North Island in competition



RON TALBOT . . . sets out options.



PERCY BERRY . . . slams the Government.



ROB MULDOON . . . brings financial pressure.

with private producer packers — unless Government forced a levy on the non suppliers of the HMA.

The Government came in for some strong criticism from Percy Berry, quoting from a letter signed by Prime Minister Bob Muldoon, Berry said: "The Minister was

clearly making three demands; that we discount the already low priced honey on the local market — this in export year and apparently in direct contravention of Government's own declared policy of financial assistance to exporters."

"That the base price for this year be reduced from 81 cents

to 77 cents per kg to keep the overdraft lower" the HMA operates on a Reserve Bank overdraft of concessional interest rates and Government has been urging them to reduce this overdraft."

"The industry underwrite its own stabilisation measures," Berry criticised Govern-

ment for bringing financial pressure on the HMA.

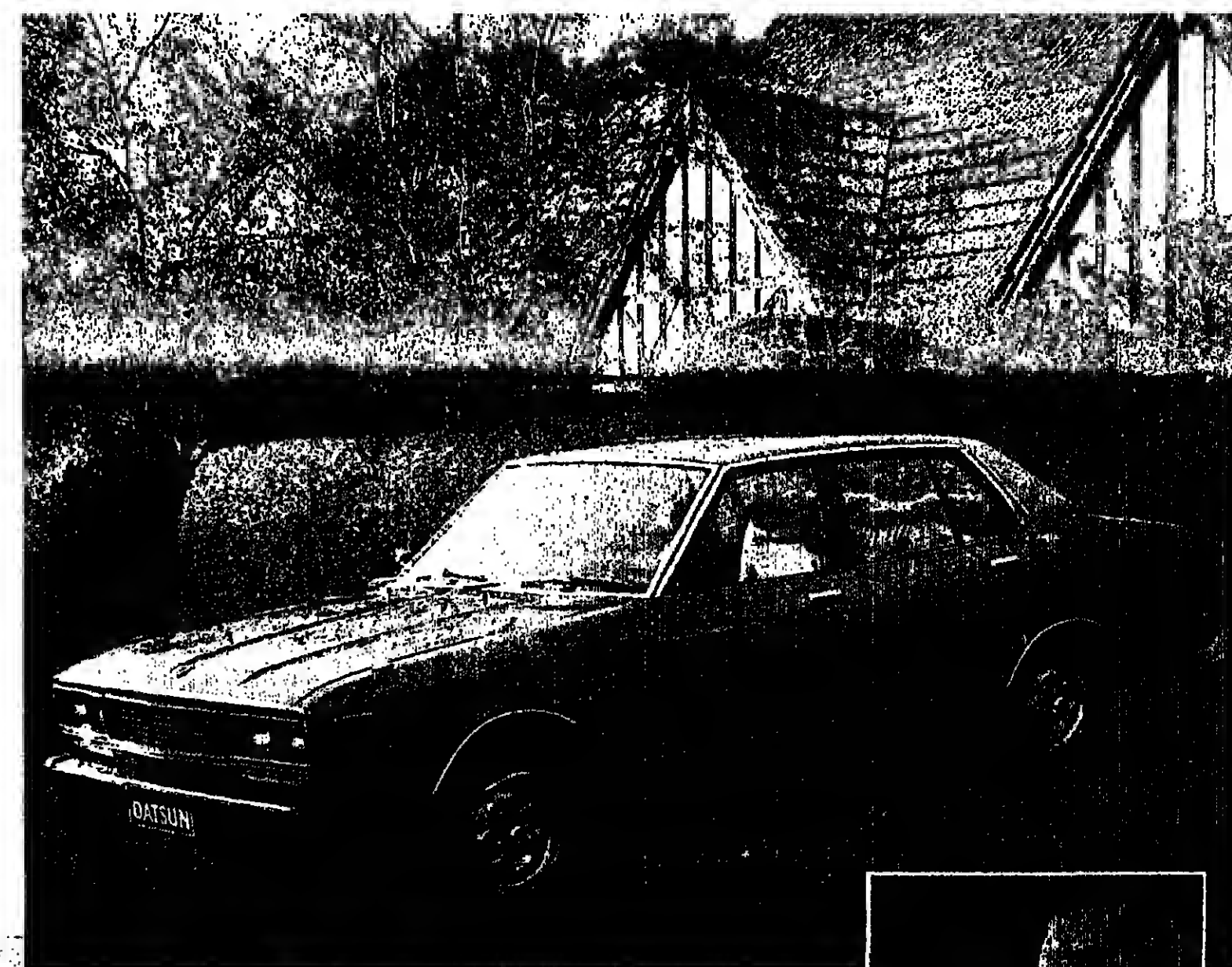
But the Government won one round. The ascendancy of the free enterprise directors to the HMA board was due in large part to the voting system which gives plural votes to large scale beekeepers.

The meeting adopted a resolution put forward by Government that the voting system be changed to one vote per each 100 hives with a minimum of 12 votes.

The former system allowed one vote for 25 hives, with a maximum of 100 votes.

The new system favours the small beekeepers, and the South Islanders and is likely to change the balance of power on the HMA board when Stuckey is up for re-election next year.

At that time Stuckey is likely to lose his seat to an HMA supplier which will leave two suppliers and two non-suppliers on the board and the balance of power held by the Government member.



**DATSUN 200B 2X**  
*the Real 2-litre*

This is it Datsun four-cylinder mastery in a powerful new executive capacity. Datsun 200B 2X — the real two-litre.

It's a luxury package that delivers real value for money in every way. From discreetly up-to-date good looks to elegant interior furnishings and appointments. From two-litre, 82kW (110 bhp) power-to-spare, to the quiet, smooth, enjoyable ride that comes with variable-ratio steering, chunky redials and four-wheel independent suspension.

Datsun 200B 2X is all this, plus unbeatable high gear mileage and renowned Datsun reliability. A two-litre luxury sedan that delivers the greatest economy of all . . . quality.

Visit your Datsun dealer, now, and experience it all.

Executive-suite luxury

Datsun 200B 2X goes further in comfort and convenience with these standard luxury features: plush velour buttoned seats; Landsdown cut-pile carpet, door-to-door, and in the boot; driver's door mirror; remote boot release; centre console lock; front and rear map pockets; multiple ashtrays; passenger vanity mirror; tachometer; ammeter; oil pressure gauge; digital quartz clock; intermittent windscreen wipers; front and rear central locking; gold enameled wheels; wide radial tyres; variable-ratio steering; 100-watt stereo; four-wheel independent suspension; power brakes; fixed glass all-round.

NOBODY DEMANDS MORE FROM A DATSUN THAN DATSUN.

**DATSUN**  
We are Driven.

**NO OTHER 2-LITRE GOES THIS FAR.**

Nissan Motor Distributors (NZ) 1978 Ltd. L.M.V.D.

WAB 84781









CHARGING UP FOOD... symptom of credit addiction.

## "How many companies have been over-computerised by over-fast salesmen?"

"A salesman will sell me what he's got rather than what I want. I won't know for certain I'm buying the right computer system 'till after I've bought it". Have you ever thought like that? It's a common feeling among those considering computerisation. CBL has an enormous range of systems. We'll sell you the right program because we've got the right program.

**Computer systems designed to solve business problems**  
CBL has on-line systems available to give instant access to a whole range of business information:

- budget comparisons with actual performance
- cash flow forecasts
- parts stock and order position
- customer credit control
- clients transactions in solicitors trust accounts
- and many more.

We have supplied computer systems to concerns ranging from a major motorcar assembler, to electricity supply authorities to law offices. If you have a business problem CBL will invariably have a computer system for it.

**The biggest decision you may ever be responsible for**  
Of course you take it seriously. You want your options laid out in plain language; you want practical systems to choose from; you want

people who have a practical understanding of your business problems and who have the professional skill to give you lasting solutions. Look into it and you may find you'll want CBL - because these are the things we can give you.

We have some very satisfied customers:

AA Mutual Insurance Co.  
Canterbury Building Society  
Chapman Tripp & Co.  
Command Services Corporation  
Fletcher Holdings Limited  
Hylin-Laundry Services  
Marac Finance Limited  
NZ Co-operative Dairy Co Ltd  
NZ Motor Corporation Ltd  
SIMU Mutual Insurance Assn  
Wilson & Horton

They're clients of ours. Ring them up. Ask them what they think of our services. An independent point of view is always well worthwhile. You may find our systems fit into your company too.

**Find out the rest of the story**  
We can send you full brochures on our products and services. Clip off the coupon below and post it. Or ring and ask for advice on the areas of computerisation you're interested in.

Auckland - Kim Walker 31-489  
Hamilton - Mike Bell 84-319  
Wellington - Ralph Martin 857-939  
Christchurch - Ross Allan 797-480

**CBL COMPUTER SYSTEMS & SERVICES**  
**Technical Experts**  
**Talking Business English**

POST TO:  
P.O. BOX 13147  
ARMAGH  
CHRISTCHURCH ADDRESS

NAME

COMPANY

TELEPHONE

## The wages of credit are debt

by Belinda Gillespie

THE American "chargeaholic" who seeks help has his credit cards cut up in front of him. The pain of it often causes tears, but he won't get them back till he has controlled his debt.

It doesn't happen here — yet. But we are following the Americans, British and Australians into an age in which credit, not money, makes the world go round. The wages of credit are debt. Americans have learnt to their cost.

Organisations such as "Spendaholics", "Debtors

Anonymous", and the more soberly named Consumer Credit Counselling Service, have flourished in their efforts to help the one in 20 Americans estimated to be in serious debt. Apart from home mortgages, the American consumer credit debt is \$35 billion. This credit pile becomes in itself a kind of energy source to create more money.

The more the consumer buys, the more has to be made for him to buy — and that generates more jobs.

"The Americans are set new records of personal indebtedness," writes Jane McLoughlin in Britain's "Guardian". "So that they owe an ever greater percentage of their income — if they pay their debts back faster than they incur them, they would actually slow down the economy."

In New York, the typical client of the Consumer Credit Counselling Service (CCCS) is the head of a household of three, in his mid-thirties, with a gross annual income of \$13,500. He probably owes \$7,200 in "consumer" debt to nine different creditors, and spends \$25 more than he earns, mostly in servicing the debt.

Clients, as often professional class as low earners, have simply overplayed their hand of credit cards. American adults have an average of 4.2 cards, in all a total of 100 million.

The banks and credit agencies which provide the money in the first place finance CCCS.

They make voluntary but tax deductible contributions to agencies which help families manage credit or repay their debts, to ensure that they themselves lose the minimum from bad debts.

Clients of CCCS have a 65 per cent chance of repaying their debts, and of those who do repay, 85.8 per cent never get into debt again.

McLoughlin examines some of the lines which draw people into the credit trap. One is "the tacit encouragement of a governmental forced to loose economic growth by boosting every citizen's burden of credit". Americans are said to believe that they have the same right to credit as they have to vote. There are enormous pressures on individuals to "join the club".

In terms of the personal use of credit, the use of the best known cards, Master-charge, increased its clientele from 5.7 to 40 million in just nine years. Inflation has helped the credit boom. Capital goods bought on credit appreciate in value as the dollar depreciates, and the loan becomes cheaper.

The typical credit addict borrows to buy tangible assets, has several credit cards with an outstanding balance of about \$500, and, since interest payments are tax-deductible, figures that the government is shouldering a big chunk of his debt.

As an organisation described as somewhere between the Marriage Guidance Council and Alcoholics Anonymous, the chief concern of the CCCS is families with a "chargeaholic". Though the organisation runs a preventive service, most people come too late — as with alcoholics, it is hard to admit the truth — and by then repayment can be a long and painful process.

Some of the symptoms — paying off one credit card account with credit from another; paying for food or dry-cleaning on credit; juggling bills because you

don't have the money at once; borrowing to pay off a smaller debt.

McLoughlin claims that it's not easy to write the Americans off as "consumer addicts". In other countries given the same opportunities, particularly Britain and Sweden, she detects the same trend.

New Zealand "chargeaholics" are still operating on hire-purchase and credit accounts. They have yet to realise the potential of credit cards, which by the end of the year will number two, when the Australian Bankcard is added to the list of American Express, Diners' Club, and the BNZ and National Bank Visa cards. That is, unless the Commerce Commission's inquiry into the card business upsets the applicant.

Chasing submissions from the parties to the inquiry were received on August 10.

The commission may decide to re-examine the hearing on the basis of the submissions in which case the results will be further delayed. If not, it has the job of tightening its way through the mountain of paper generated by the inquiry and presenting a conclusion, probably before the end of the year.

If the commission comes out against bank cards, Diners' and American Express are not under consideration. It will be a large last stand in a world where other countries in a similar position to New Zealand are saying the same song of cold hard cash.

The longer the delay, the more the bank cards will be a bad account. Specially un-

der the three Australian trading banks, New Zealand Bankcard, launched last three months of the year.

Lacking credit cards means let themselves financial ruin, and services to help themselves.

A Home Budgeting Centre was set up last year under section 11 of the Social Welfare Act. John Grant, assistant general manager of the Department of Welfare, was asked comment because the centre is still at the "baking" stage.

But he said there are voluntary budget centres in the country in most urban areas of any size.

Auckland and Otago are probably under for their size, while Hamilton has regularly camps services.

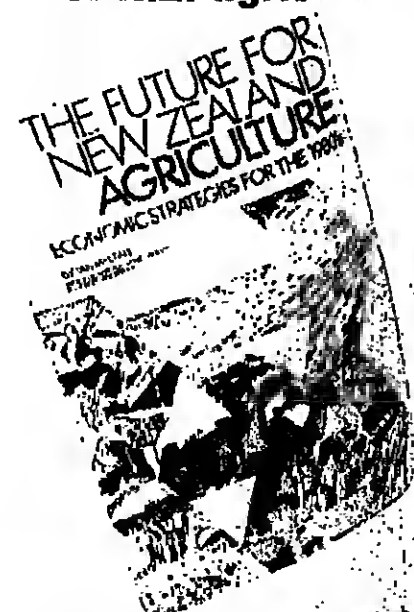
The credit card is a last emerged yet at the very least ready availability of a service.

The people who self advice are not generally attracted to plastic credit cards but to deposit and bank plans.

Budget Advisory is a generally accepted Citizens' Advice Bureau which in turn confers Consumers' Institutes people with problems.

A Consumer L spokesman agreed credit card problems.

## At last. Clear concise ideas about the future of N.Z. agriculture



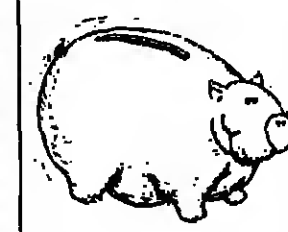
... one of the most important papers ever released on New Zealand agriculture," that's how Harry Broad, editor of Straight Furrow describes *The Future for New Zealand Agriculture*.

In this significant new publication, Ian McLean, farmer and agricultural economist, explains why production rather than export problems inhibit agricultural exports. He probes the pros and cons of five alternative policy strategies to combat New Zealand's complex, persistent agricultural problems. McLean concludes that the weight of evidence supports one particular strategy.

*The Future for New Zealand Agriculture* published by Fourth Estate Books on behalf of the N.Z. Planning Council.

Only \$4.50 at all good bookshops or direct from Fourth Estate Books, P.O. Box 224, Wellington. (See Fourth Estate Subscription Service coupon elsewhere in this issue.)

## 'chargeaholics' wean themselves off cards



THE BANKS

hit New Zealand, but suggested it was only a matter of time, as credit facilities were increasingly extended to lower income levels. "Those who have trouble with hire purchase and non-payment of accounts now will have similar problems with credit cards."

Jim Hughes, budget advisor for an inner city Citizens' Advice Bureau in Wellington, said his clients have problems with cash-flow accounting, rather than credit.

A couple living in the city, close to work and child-care facilities, could both work if money became tight.

Those in out-of-town suburbs were in a more difficult situation regarding work and children, and usually had greater investments in property and capital goods.

This could be the group more likely to have a real shortage of money and fall into the credit card trap.

People who can't manage their finances are still considered "on the outer", Hughes said, and generally had to overcome strong reluctance to ask for advice.

Those who went to him of their own volition were generally highly motivated and succeeded in getting their finances in order, while many of those "battered" by the service refused to recognise

While there is a New Zealand-wide federation of family budgeting services, based in Christchurch, most services are locally oriented.

A worker from an out-of-town centre says that hire purchase and over-purchasing from charge accounts — for example on Farmers' plastic cards — are the present problem areas in credit.

Diners' Club and American Express are still for the top end of the market. But their credit cards would be the first to go in the hypothetical situation of New Zealanders becoming American-style "chargeaholics", representing the area of discretionary spending which has to be deleted for debts to be brought under control.

Meanwhile, competition is hotting up among those in the credit card game. Each bank makes its card small, bigger, better and brighter than the last.

In conjunction with television and radio advertising, American Express

The offer helps the family allocate its finances each week, and after everything else has been paid, the balance goes into housekeeping. Others take a more self-help approach, and may go through this exercise once or twice, then leave it to the family concerned.

The offer helps the family allocate its finances each week, and after everything else has been paid, the balance goes into housekeeping. Others take a more self-help approach, and may go through this exercise once or twice, then leave it to the family concerned.

## Accident compensation blesses motor industry

THE New Zealand motor industry should be thankful that accident compensation has replaced the tortious remedies which once tied up the court system.

A recent issue of the London Financial Times notes that a Los Angeles Superior Court jury awarded damages totalling \$1.8 million against Jaguar Rover Triumph Inc, the British Leyland subsidiary, to the family of a man who died when his Jaguar XJ6 was involved in a collision five years ago.

It had been alleged that the man died because one of the

Jaguar's twin petrol tanks was susceptible to catching fire because of its position. But the jury's majority verdict did not mention the petrol tank.

JRT's lawyer said that the jury's award, much lower than the \$12 million asked for by the plaintiffs, was motivated by sympathy and that he would request a new trial.

In his summing up, the lawyer maintained that there were no design defects in the car and that the plaintiff's lawyer was trying to sway the jury by reading from a father's day card and showing slides of the dead man's family.

## FOURTH ESTATE SUBSCRIPTION SERVICE

To subscribe to or purchase any of the newspapers, directories or books published by the Fourth Estate Group simply fill in and post the coupon below. Please make our cheques as indicated. If two different companies are indicated for multiple purchases, please make out cheque to Fourth Estate Group, P.O. Box 9344, Wellington.

(Please ✓ where appropriate)

☐ I/We enclose \$20.00 for one year's subscription to *National Business Review*.

☐ Please bill me/us.

☐ I/We enclose \$..... for ..... copy/copies of *The Future of New Zealand Agriculture* (\$4.50 per copy).

☐ I/We enclose \$..... for ..... copy/copies of *Participation & Change in the New Zealand Workplace* (\$4.95 per copy).

Name

Address

Occupation

Signature

Visacard, over and above any interest incurred. The National Bank Visa is slightly cheaper, at \$6 per six months.

Neither bank charges if the card is not used during its period.

Bankcard, the Australian bank's baby, is "free". There is no charge for it to the diner's account as long as he pays within the 25 days after receiving his account.

Cherie Cooper, of American Express, says that although there is competition from the bank cards, Amex and Diners' Club regard themselves as more exclusive than the banks, which offer the same service to all account holders.

But although, on the surface, the situation is more competitive, the increase in activity has heightened awareness of credit cards, and business is "better than ever".

The time is ripe for soliciting clients — "once people get a card, they're here to stay".

In conjunction with television and radio advertising, American Express

The BNZ, for example, charges \$1.5 a month for its

## Ralta believe export packaging is all about avoiding problems - not just surviving them.

"Ralta Limited export a wide range of cast aluminium cookware and other products to various distribution outlets throughout Australia. Last year we achieved over \$1 million in trans-Tasman sales. The packaging supplied by AHI Hygrade has been a large contributor to that success.

**Complete packaging service**

"We approached Hygrade for assistance with the design and production of the new packaging. Their experience with export requirements enabled us to take advantage of their complete service - design, artwork, photography, printing.

**Award-winning designs**

"Last year it was announced that our Ralta Stylor Dryer package had won a N.Z. Forest Products Design Award as best carton for consumer convenience. It is a four-colour Formakote carton featuring glued block walls and a fold-over lid which converts into an effective counter display. The Ralta Hot Pot packaging was judged best export carton and also highly commended as an outstanding structural design.

**Real success in Australia**

"We've received a lot of good feedback from Australia. Australian retailers are impressed with the way the pack designs work as bulk display. One retailer told us he had been able to reduce his floor rental costs by \$6000 a year through closing his storeroom and using bulk displays of our product.

"Getting Hygrade involved right in the early stages of planning creates an extremely effective working relationship. They provide excellent service because they really believe in satisfying customer requirements."



Mr. Donald Macdonald, National Sales Manager, Ralta Ltd; (left) and Mr. Ken Carney, Sales Manager, Hygrade Carton Division.

## Here's how our export packaging experience can help you...

AHI Hygrade Packaging will design and produce packaging that incorporates your requirements with the basic principles of export packaging.

By bringing us your problems at the design stage, we can ensure you don't suffer from inadequate preparation through our knowledge of vital aspects such as construction and graphic designs that appeal in various overseas markets. There are also many other requirements for branding, shipping instructions and marks, transportation laws and packaging regulations both here in New Zealand and overseas.

Our service also includes help for exporters from our AHI Group Export Division. Their invaluable experience in dealing with many overseas countries

could provide you with important advice and guidance.

The export market is an arena of worldwide competition. The more attractive and professional your product looks, the more chances it has for success. Our long-term experience in export packaging has helped our clients avoid the dangerous pitfalls.

If you would like further information or a copy of our extensive "Packaging for Export" brochure contact your local Hygrade Sales office or the Marketing Manager, AHI Paper Products Group, Private Bag, Auckland.

**AHI Hygrade Packaging Company**  
A unit of AHI Paper Products Group.

Export Packaging - from the Creative Packaging People.

99/11/10/11



we do anything that is likely to reflect on our business.

We absolutely refute allegations made in your July 25 issue that we do not consider the consumer. The consumer is our livelihood, so why should

We always work in the best interests of the consumer and believe in open and fair competition in the market-

**Peter J Lowry**  
Executive Director  
Travel Agents Association

The Chapman programme is one of self-perpetuation

The problems facing the authority, and the requirements for it to continue operating as it had, were placed before the board by me in the form of a discussion paper, with the intention that the authority, after con-

**draws fine line**

MIR J R Hunter's criticism of recent note of mine on yields is quite justified. As I had looked only at the effect of inflation on returns in terms, he rightly points out that I had mis-stated the effect of policies in the past, as allowing for tax exemptions, and in the future.

Interest rates on borrowed capital have been high and room rates subject to price control. Payment periods have been lengthy.

Now three tourist operators — Tourist Hotel Corporation, Trans Holdings and Fletcher Development and

A black and white photograph of a woman sitting on a sofa in a room with a fireplace and a large window. The woman is wearing a dark jacket and is looking towards the camera. The room has a fireplace on the left and a large window on the right. The lighting is soft, and the overall atmosphere is calm.

The unsold time will be used by the Wairakei Hotel and the profits used to pay the running

Albertsons, Macleod says are from a similar background to New Zealanders, Scottish Presbyterians, and have taken to the concept.

Smooth, warm, welcoming.  
 Everything you'd expect from a  
 great Scotch whisky that contains  
 an exceptionally high proportion  
 of expensive Malt Whiskies.

**The cream**

# The cream of Scotch whiskies

**Participation  
& change in the  
New Zealand  
workplace**

How do you see it then?

I think it's bloody silly the way we do it now...

You think...?

I think...?

*Participation & Change in the World*  
Published by Judith Eretta So  
good bookshops, or direct from  
P.O. Box 3342, Wellington, New  
Zealand 6140. Price \$14.95 (NZ\$14.95)

insurance with the bank's service. As one Melbourne broker commented, a businessman with a \$200,000 overdraft is susceptible to suggestion.

The council seeks to persuade the Campbell Inquiry to recommend that bank branches be totally separate from their insurance subsidiaries, with entirely separate staff, premises, records and directors.

Equal exception has been taken by the Australian broking fraternity to the

At present too many brokers are chasing too little business to the extent that I Australian Law Reform Commission is concerned about protection of policy holders from broker solvency. According to Insurance Brokers Council there are at present about 30 brokers in Australia, but the loss of business to Government and to banks may well reduce their numbers in the present highly competitive Australian insurance market.

Melbourne  
Correspondent

insurance with the bank's service. As one Melbourne broker commented, a businessman with a \$200,000 overdraft is susceptible to suggestion.

The council seeks to persuade the Campbell Inquiry to recommend that bank branches be totally separate from their insurance subsidiaries, with entirely separate staff, premises, records and directors.

Equal exception has been taken by the Australian broking fraternity to the

At present too many brokers are chasing too little business to the extent that I Australian Law Reform Commission is concerned about protection of policy holders from broker solvency. According to Insurance Brokers Council there are at present about 30 brokers in Australia, but the loss of business to Government and to banks may well reduce their numbers in the present highly competitive Australian insurance market.



New Zealand Trade Centre.

NEW ZEALAND TRADE CENTRES

For more information please phone your nearest Export-Import Corporation office:  
Auckland: 374-335 - Wellington: 738-110 - Christchurch: 50-197.  
Or mail this coupon to:

**New Zealand Export-Import Corporation**  
P.O. Box 11-332 Wellington

Company Name \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_ Cost \_\_\_\_\_



## CRESSIDA.

Toyota announces a rare car.

Cressida combines technology that is uniquely Toyota, with luxury that success deserves.

Here is more sheer comfort and prestige than one might reasonably expect.

A quick two litre engine gives you thrust without thirst—a very responsible consideration for thinking owners.

The instrument display includes, amongst other uncommon delights, a quartz crystal clock and fully integrated cassette stereo.

The front seats are infinitely adjustable,—and the driver's seat embodies a lumbar support zone which you adjust to gently ease lower back fatigue.

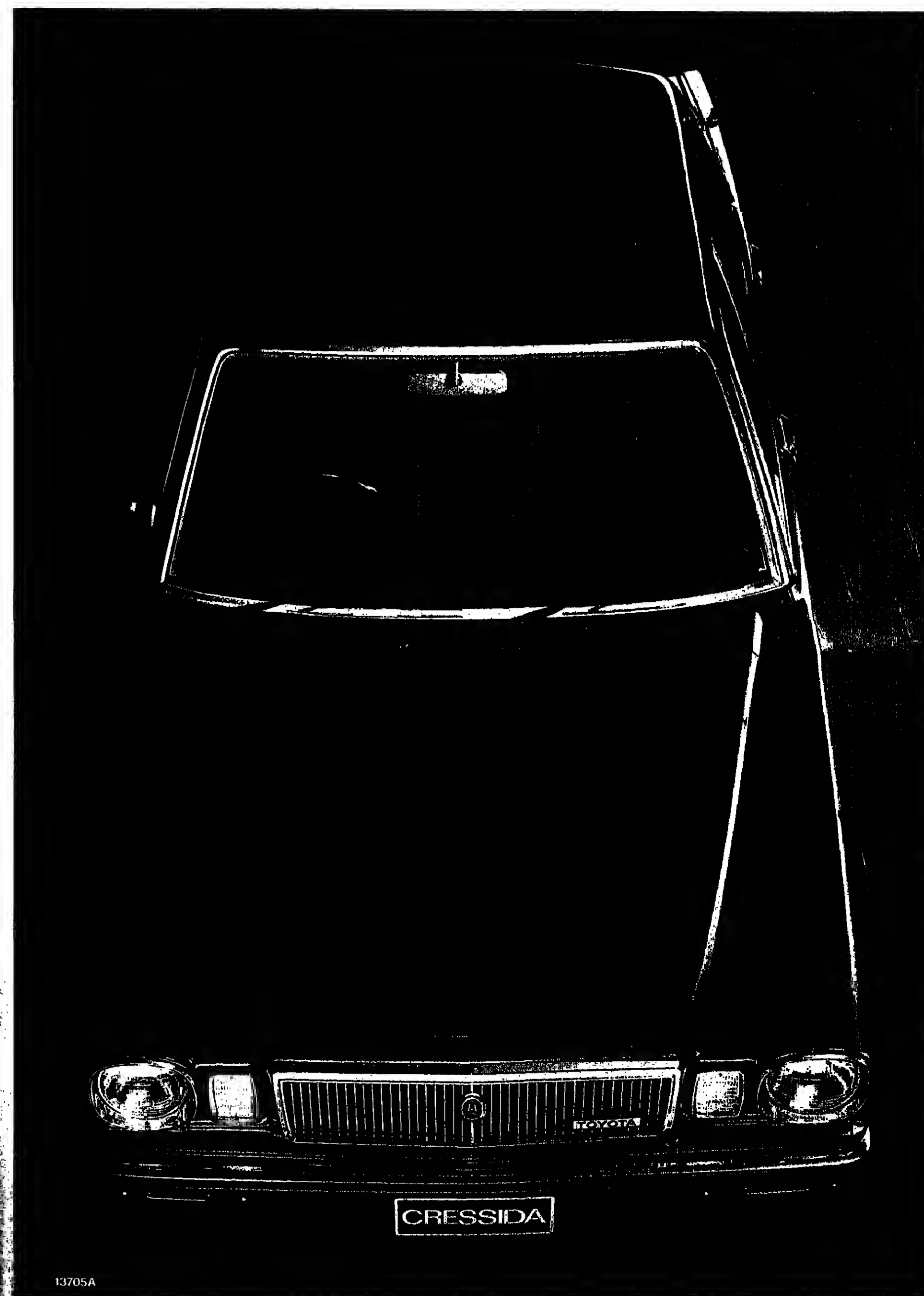
And because Toyota make the Cressida, all this luxury is on top of quality.

Not instead.

Cressida.

At the moment 5 speed manual \$11,300 and automatic \$11,700.

**TOYOTA**  
It's An Investment.





# Jogging, meditation and ear plugs fight jet-lag

by Special Correspondent

AN Auckland accountant's wife often vacuums around her husband as he stands on his head in the bedroom. It is his remedy for jet-lag.

Dysrhythmia, or jet-lag, as it is commonly called, is an affliction prevalent among businessmen and professional people who fly. Hurling through the stratosphere in pressurised, jet-propelled tubes, with a heady combination of food, alcohol, movies and stereo music, their circadian rhythm takes a frequent beating.

It is difficult to emerge several time zones later fit enough in body and mind to take on a dizzying round of business appointments. So how do they cope?

An Auckland group, who hold Air New Zealand Frequent Traveller cards, have diverse remedies.

Phillippa Moore, sales director for Amity Group Industries Ltd in Auckland, swears by an imported German material resembling bees-wax which she mulls into her ears to block out noise.

"It's available only at the chemist in Auckland's South Pacific Hotel and it's the only thing I've found that allows me to sleep in flight," she said.

Jogging and meditation do the trick for Terence O'Neill-Joyce, managing director of the Record Company.

Arriving in New York he immediately dons shorts and T-shirt and pounds the city streets until things start coming into focus again. If there is a swimming pool in the neighbourhood he uses that. Or he meditates.

"Don't try to carry New Zealand time with you. The time thing is illusory," he said.

A glass of water drunk every hour alleviates the dehydrating effects of the pressurised cabin for John Williams, general manager of Fashion Fabrics Ltd.

But Neil Mortimer, managing director of Mortimer Holdings, is a gin and tonic man. Unlike many who sacrifice alcohol and cigarettes to combat jetlag, Mortimer says two cans of tonic drunk with every miniature of gin is a practical panacea.

Supersonic travel and jet-lag are synonymous, according to textile importer Steve Bergquist.

"I flew supersonically from

London to New York and arrived at the same time as I had left feeling like I'd been hit in the back of the head with an axe. Fast supersonic travel is a killer. I was dozy for two days.

"The ideal for comfort is a slumberette on a Boeing 747. I usually try to leave New Zealand Friday night and arrive New York on Saturday night (American time) to have Sunday to sleep it off. They're a bright lot in New York so it's important to be on your toes."

If Bergquist arrives in New York on a weekday morning he junks his appointments for the following day.

Jet-lag is recognised as a physical ailment by many American companies who award their employees suitable compensations.

The American tyre and retread manufacturing firm, B and J Rocket, is one of these. Its New Zealand general manager, Peter Woods, said a director from Chicago allows travelling employees a half day off for each 12 hours they fly.

"Our director is a life member of the Million Miles a Year Club and, chalking up that kind of air mileage, he knows the problems we face," Woods said.

At the time of interview, he had just returned from New Guinea and the Solomons — 22 flights in 14 days. More often he travels to Germany arriving frequently "with blurred speech like an inebriate".

"German is difficult enough but spoken in a comatose state it is nonsensical," he said.

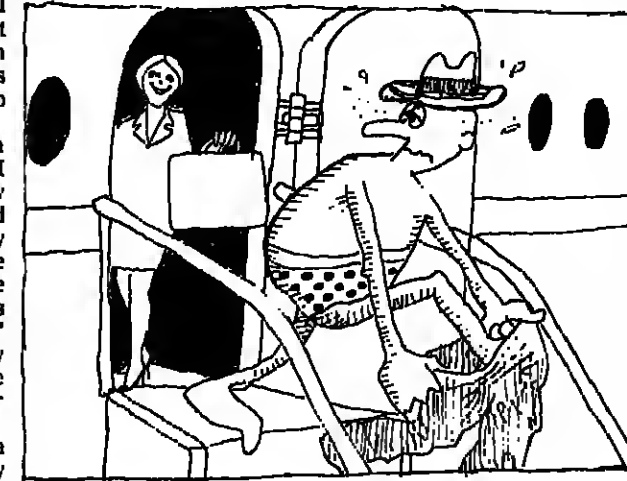
"At a conference in Chicago our director ticked us off for looking half stupid and told us to get some sleep. In America it is vital to be at peak performance."

Woods claims he has trained himself to sleep during long flights. He uses mind over matter to programme himself to relax. He never wears ties in flight but comfortable open-necked shirts, jeans or safari suits.

"In Central Europe they dress like they are off to a picnic and change into suits half an hour out," he said.

Several businessmen said they prefer to fly during daylight hours and arrive at night to sleep.

Lola Holmes uses exercises and milk and banana on the London flights she takes in her



capacity as a tour escort for Atlantic and Pacific travel agency.

"Always sunbathe at transit stops to get your circulation going and prevent ankle swelling and use isometrics during the flight."

"Being a mother I am particularly sensitive to noise so I use ear plugs and cotton bunnies to sleep."

Many businessmen are wary of popping sleeping pills on long flights, but Ate New Zealand's principal medical

officer Dr Fred Platts considers the normal dosage of sleeping pills not a bad idea on a long flight.

His advice to businessmen is to rest up if possible before long trips and try to fly during the normal daylight periods, arriving as close as possible to the local bedtime. One or two-day stopovers are advisable on long-haul flights. Exercise in flight — walking up and down the aisle every three or four hours — and during transit stops is a must to avoid swelling.

He advises eating light and skipping a meal or two on long flights.

"Drink but don't overdo the alcohol. Two or three 3000 metre dry martinis are as lethal as four or five sea-level martinis. An inflight hangover is more painful and lasts longer than one acquired in a bar. Alcohol poisons the tissue cells so they cannot use oxygen properly. With the reduced oxygen supply in an aircraft, the ill-effects become more pronounced."

He says airline crew are five times as likely to acquire kidney stones as other people as a result of dehydration. The heat and low humidity accompanied by the lower aerometric pressure dry out respiratory passages and cellular fluids resulting in scratchy throats and dimming vision.

He recommends comfortable clothes in natural fabrics like cotton or wool which let the body breathe. And once seated he advises taking slugs off to prevent uncles swelling.



*"Your Pinotage creates a real pleasure to the palate of any wine lover."*  
JUNE 1979

"It is a full bodied wine with a certain finesse of flavour, colour and bouquet."



"The wine is fine and strong and will find favour with connoisseurs and judges of fine wine, as well as restaurateurs such as ourselves who must offer quality wines to a discerning clientele."



"I can tell that it has been selected from the finest grapes and that it matures well in the bottle."

"It has a mellowness and subtlety of flavour... it creates a real pleasure to the palate of any wine lover."



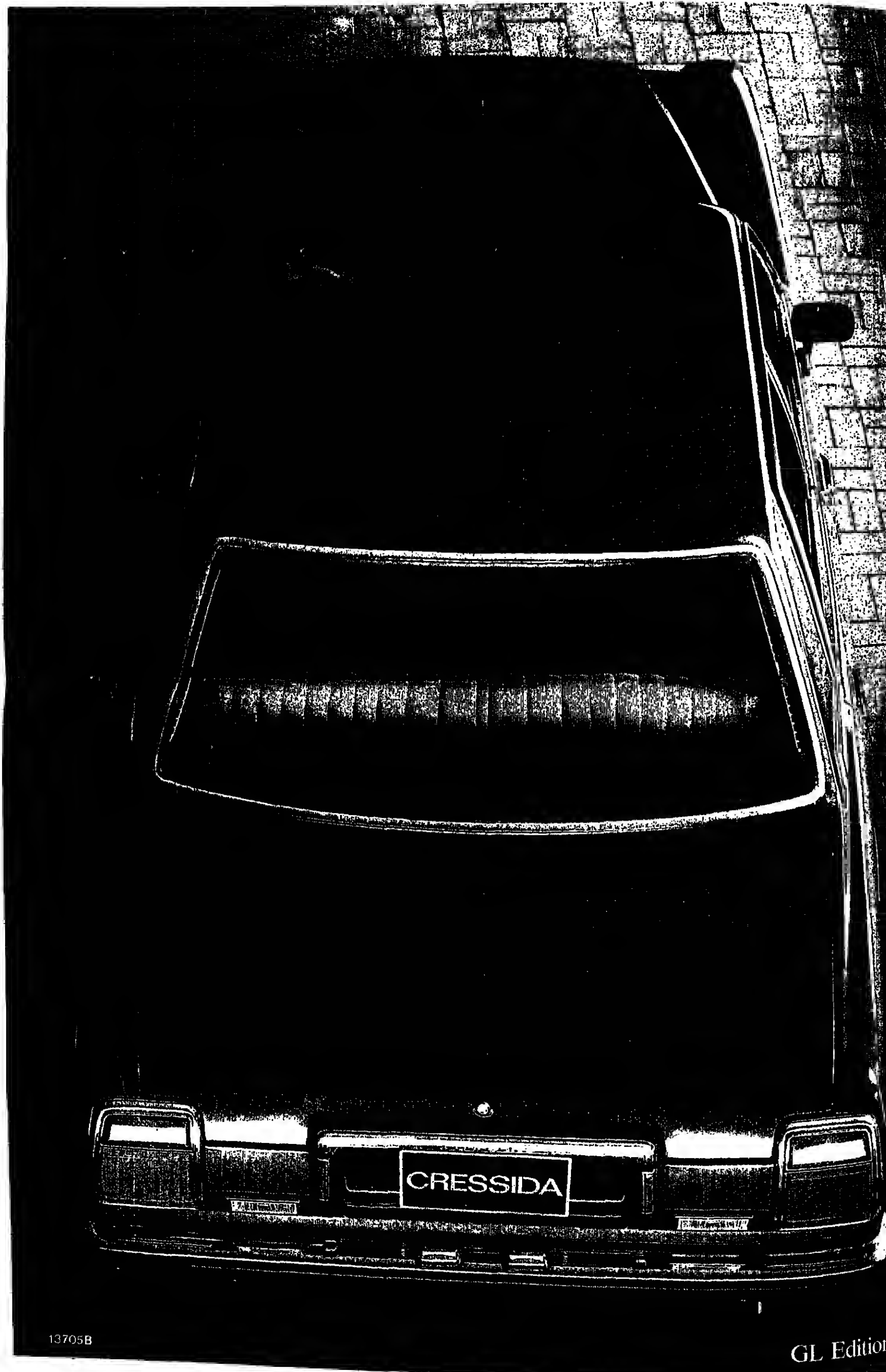
**MONTANA**  
Leading NZ in the world of wine

\* Natural Gas  
\* Prime Locations  
\* Attractive Finance  
\* Design & Build  
(to individual requirements)

These are only a few of the features of these choice industrial lots at Auckland's premier development site - Wiri. Available for high pressure Natural gas hook up. These well planned estates are close to a large labour force, air, road and rail outlets and large shopping complex. Now available from 1/2 to 7 acres, with main street frontages. Don't make the wrong move... first see the

**Wiri Industrial Estates** for sale or lease  
and be positioned right for the 1980's.

HOOKER MANZEAL LTD.  
phone Auck. 30-150 A.H. 603-076,  
774-372 or your land agent.



13705B

GL Edition

كتاب من الأدب



# Anti-fluoride campaigners stir public opinion

by Belinda Gillespie  
THE Commission of Inquiry into the Fluoridation of Water Supplies reported to the Government in July 1957 that fluoride in the water was good for the teeth, and harmless. It recommended that local authorities should take the decision to fluoridate, with the consequence that the issue has been of some importance in local politics ever since.

Fluoridation was supported also by an impressive list of scientific authorities, the Ministers of Health in both the National and Labour Governments, and the Department of Health.

But referenda in eight places in November 1959 all resulted in heavy majorities against its introduction.

The reasons for this decisive rejection of medical and

scientific opinion in 1959 probably hold good for similar rejections in 1979.

Political scientist Austin Mitchell pointed out that the opponents of fluoridation seem small and weak, in comparison with such heavyweights as the Medical and Dental Associations, the Plunket Society and the large Dental and Medical Colleges of the University. But they are vociferous, and have one great advantage over the supporters of fluoridation. The local authority, through whom fluoridation must be implemented, is at the mercy of public opinion, as its supporters have to handle the issue delicately.

The Health Department's policy was — and still is — to persuade local authorities to introduce fluoridation, at the

same time introducing a low-key educational campaign to tell the public of its advantages.

But events in Hastings — the first New Zealand town to be fluoridated — showed early on that public fears could easily be stirred up by campaigners threatening mass poisoning and the death of human rights.

A number of those who oppose fluoridation are old campaigners. The Soil Association of New Zealand, with 15 branches throughout the country, has an official policy of opposition to the fluoridation of drinking water, and disseminates its views through the Soil and Health Journal, now in its 38th year of publication.

Sir Dove-Meyer Robinson is patron of the association. He holds the same office in the

second of a two-part series in which Belinda Gillespie looks at the flourishing anti-fluoride lobby. Political scientist Austin Mitchell in 1961 identified the fluoride issue as "an illustration of the way in which public opinion functions on a scientific and medical question of a type that may be increasingly important in politics in the future". This article develops this prophetic view at increasing public participation by following the development of the anti-fluoride campaigns.

newly-formed New Zealand Pure Water Association, whose aims are to "combat the pollution of natural water supplies and find alternatives to the practices that cause water pollution".

The New Zealand Anti-Fluoridation Society (President — Dove-Meyer Robinson) was the precursor to the Pure Water Association. It was flourishing 20 years ago, when Sir Dove-Meyer claimed in a Dunedin campaign that "fluoridation is the hottest

— as in the recent church and Rowan Bay supply, all but a few will accept its presence, as that of the waterways substance, chlorine.

Supporters of the issue therefore have always been in a minority. This approach has followed the opponents of fluoridation to take the initiative. They can bring the issue before the public, raise their own points, and sow doubts in the public mind, while making it seem that the Health Department and the local body involved are trying to enforce fluoridation by underhand means.

Mitchell's study showed, above all, the susceptibility of councillors in Dunedin to public opinion. After an initial

# to shake the resolve of elected policy-makers

review of the arguments, the council approved fluoridation in principle, with no dissenting vote. But a by-election brought in J. A. Stead, a strong opponent of fluoridation, and feeling against fluoridation began to crystallise.

Eventually the five Labour councillors came out in favour of a referendum on the question. They were opposed, however, by the seven Citizens' Association candidates, and the mayor.

The motion for a referendum was lost. The flood of unfavourable reaction caused one councillor to change his mind, making the council evenly divided. But the Mayor still held the casting vote.

The absence of a clearcut majority on the council, the decision was made to hold a referendum if requested by a petition signed by 10 per cent of the electors.

The Anti-Fluoridation Society collected the necessary number of signatures, and campaigned assiduously till the time of the poll.

Mitchell pointed out that the society's executive of six contained no one of great local pull. Its membership was probably small, and its financial resources unknown — yet it conducted a "masterly campaign".

Its propaganda placed its main emphasis on the right of the individual to reject compulsory medication. But it was also successful in convincing the public that fluoride was poisonous, and that there was strong opposition to fluoridation among doctors and scientists.

The latter line was reinforced by voluminous material

from opposition centres in the United States, and by countering every "pro" authority with an "anti" of their own the society propagated the view that there was serious division among scientists.

The line that fluoridation was part of the Communist plot was not pursued in Dunedin on a large scale — "it would keep the general public docile during a steady encroachment of Communism — keeping a store of deadly fluoride near the water reservoir would be advantageous during the time of the revolution as it would give the opportunity to dump this poison into the water supply."

What had been profitably pursued in America during the McCarthy era by the John Birch Society was, in Mitchell's words, "likely to prove merely muzzling in contemporary New Zealand".

A Children's Dental Health Association, with an impressive list of patrons, was formed too late to rally support

for support for fluoridation, despite the support of the Evening Star, which vigorously defended it in its editorials.

The (Herald) Daily Times, with a bigger circulation, advocated "letting the people decide", and its editorial and news content were consistently anti-fluoride.

The referendum was voted on at the local body elections, on November 21 1959. Just under half the people entitled to vote did so, and fluoride was decisively rejected.

Analysis showed a connection between voting Labour and voting against fluoridation. A survey after the election showed the greater success achieved by the opponents of fluoridation in putting their views over to the public — perhaps because it "was more straightforward and easier to convey" than that of supporters of fluoridation with its scientific qualifications and reservations.

The opponents of fluoridation included a greater number of women and people over the age of 50 than the group who favoured it. Supporters were more likely to be the parents of young children who would benefit from the measure.

The "fars" also tended to have a higher level of educational attainment than the "antis". Dunedin's water supply was eventually fluoridated in 1967.

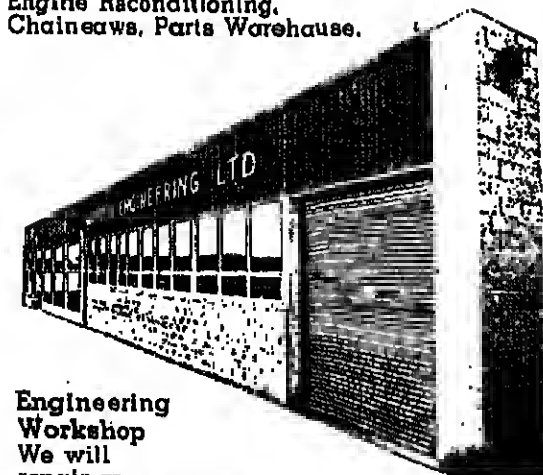
The most recent — Rotorua — has since reversed its decision.

The battle is not over, however. A New Zealand Medical Journal report last year described a submission by ratepayers in the Dunedin City Council demanding that fluoridation should stop because it caused cancer.

The council was informed by the District Medical Officer of Health and other authorities that the claim was groundless, and accepted the continuation of fluoride in the water supply.

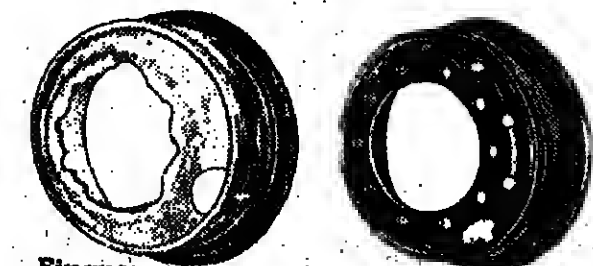
# If it needs fixing... talk to us

Four Main Divisions —  
Engineering Workshop,  
Engine Reconditioning,  
Chaincaws, Parts Warehouse.



Engineering Workshop  
We will repair or

manufacture almost anything from components of bus, truck, earthmoving machines, marine or industrial engines, specialised maver equipment or machinery. Parts can be repaired saving valuable downtime and adverse funds. We specialise in Fitting and Turning, Hardening, Grinding, Internal and External splining, automatic rebuilding of worn surface, welding (particularly cast iron such as cracked or broken castings or cylinder blocks) and electronic drive shaft building and balancing and truck wheel reconditioning.



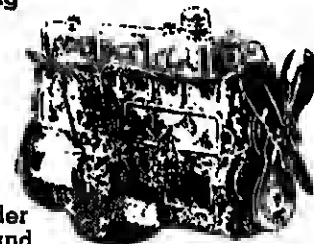
Finance  
Financial assistance available. For further information please write to:

**HAYTER ENGINEERING LIMITED**  
for better than new

Oruanui Street, TAUPŌ Phone 89,150

Engine Reconditioning

We have a heavy and light division and the heavy engine are reconditioned on the largest and most specialised equipment in New Zealand. The reconditioned engines are tested under simulated conditions and when they leave the factory they go straight into full work and the operator knows the minimum amount of downtime. We carry a range of popular exchange commercial vehicle engines, car and light commercial car blocks and car and light commercial vehicle engine, test run and timed ready for installing. All engines are rebuilt to manufacturers original specifications and warranty.



Chaincaws

We stock the world's best commercial chaincaws (Stihl) and a comprehensive parts and service division and we employ specialised staff for maintenance.



Parts Warehouse

We maintain a full comprehensive molar parts warehouse, staffed by skilled warehousemen to supply the ever increasing demand by Garages and Commercial Operators.

We have a fleet of vehicles operating between Wellington and Auckland to convey the main bulk of business to and from our client's doors.

Also we operate a distribution point for N.Z. Industrial Gases Limited from a dangerous goods building, for the Taupo and Turangi area. We also stock a full range of welding equipment and materials.

by Warren Berrymann

**BNZ Visa card fight for airline acceptance**  
WHEN the Bank of New Zealand's Visa card came on the market last year it drew immediate flack from the Retailers' Federation and later from the Consumer's Institute and the Commerce Commission.

Visa is now fighting for acceptance from another group — the airlines. All the airlines have acted in concert to reject Visa's initial demand that they sign up for the service.

The airlines did not like the Bank of New Zealand's high-handed attitude. And they did not like the BNZ's commission rates — far higher than those charged for Visa card acceptances overseas.

Then the National Bank got into the act with its own Visa card and a sales approach that the airlines found far more acceptable.

The National Bank cut the commission rates demanded by the Government-owned BNZ nearly in half.

But the airlines are still not buying Visa cards. There are still a few points to be negotiated.

When the BNZ went to British Airways a year ago, it demanded a commission rate of 2.75 per cent.

British Airways was happy to accept Visa cards, but not the BNZ. Visa cards drawn on London's Barclay Bank cost British Airways only 1 per cent commission.

Visa cards from the United States were charging only about 1.35 per cent commission.

So British Airways turned down the BNZ.

So did Singapore Airlines when the BNZ tried to charge it 3.5 per cent. And Pnn Am kept the fight against the BNZ when it offered a 2.7 per cent commission.

Few individual travel agents accept Visa cards. To do so without the airline's agreement to pick up the commission tab would mean that they would have to pay the BNZ out of their 8 per cent agents' commission.

Travel and entertainment cards like Diners Club and American Express have international arrangements with the airlines. When an agent accepts one of these cards the airline pays the commission.

This is the sort of arrangement the BNZ hoped to secure for Visa.

The banks are negotiating with the Travel Agents Association of New Zealand, TAANZ.

TAANZ members have been asked by their organisation not to enter into any agreement with the bank on an individual basis.

The National Bank gets a further with the airlines.

# Minister queries cancer cure costs

by Belinda Gillespie

THE words were different but the time was the same when Health Minister George Gair spoke to Australian radiologists the other day.

He questioned if the country could afford more high technology machinery for cancer treatment. And said that while the machines had undeniable benefits, "even if we could by some modern miracle eliminate all cancer causes, the average life span of New Zealanders would increase by about two years only."

There are signs that cancer specialists, among other medical luminaries, are listening, even if they are not exactly leaping to the Health Minister's tune.

At New Zealand's biggest and most prestigious cancer meeting in September, the Professor of Community Medicine at Wellington's Clinical School, Kenneth

Newell, will address oncologists on the question "Can New Zealand Afford High Cost Cancer Medicine?"

Gair will give the conference some more of his time in the opening address, but other sessions will be devoted to considering the continuing care of cancer patients, to the latest developments in the treatment of breast and other types of cancer, and to cancer research.

While most of the sessions will be essentially technical, Dr Derek Doyle, one of the 11 international experts who will be present at the conference, will probably arouse some considerable public interest.

His special interest is cure of the dying, a field which is only just being recognised here, with the opening of "Inspires" in some centres.

Four hundred health workers involved in cancer treatment and care are expected at the biennial conference.

# ACCOUNTANTS PAPUA NEW GUINEA

A major international firm of chartered accountants with offices in several PNG locations is seeking two qualified, experienced staff for their Port Moresby head office. Both positions are for minimum periods of two years and can lead to excellent long term prospects within the firm internationally. The firm provides free accommodation, return air fares annually and substantial minimally taxed annual gratuity and other significant benefits.

# MANAGER — ACCOUNTING & TAXATION

Over \$NZ24,000, Free Accommodation, Gratuity, etc.

This senior position, responsible to a partner, offers a high degree of autonomy and responsibility for a wide range of clients with varied interests. It requires a professionally qualified accountant with at least five years' professional office experience and a strong background in accounting, taxation and secretarial work. A flexible mature outlook and a high degree of adaptability are essential. Age is likely to be late 20s to early 30s. Salary will be considerably in excess of the equivalent to \$NZ24,000 with a \$NZ2000 equivalent annual gratuity and other benefits.

# AUDIT SENIOR

\$NZ16,000 Equivalent, Free Accommodation, Gratuity, etc.

This position offers a wide range of audit work and extensive responsibility to a professionally qualified accountant with a minimum of three years' experience in an international or larger professional office and considerable familiarity with current audit techniques. Flexibility, maturity and adaptability are essential requirements. Age is likely to be mid 20s. Salary is negotiable but will probably be equivalent to around \$NZ16,000 with a \$NZ2000 equivalent annual gratuity and other benefits.

Enquiries to John Merzies, phone 256-7809, Auckland (evenings).

**LAMPEN ASSOCIATES LTD**  
Management Consultants

87 SHORTLAND STREET, AUCKLAND  
BOX 579, PHONE 785-550

# Announcing Cassette microfilming from Kodak



The nicest part about owning a new Recordak Reellant 550 microfilm is that more than one department can call it its own.

Because the 550 accepts handy, interchangeable, drop-in cassettes, several departments can now share the same microfilm. People just walk up to a centrally located 550, do their filming, then walk away with their documents. And their microfilm. Each department can maintain its own security and filing preferences, because each department has its own cassette. Invest in a Recordak Reellant 550 microfilm that lets any number of people walk up, film, then walk away. Talk to your Kodak representative soon about the new 550.

**Kodak microfilm**

**Kodak**

To: Guinness Systems Markets Division,  
Kodak New Zealand Limited,  
P.O. Box 2100, Auckland.

Please arrange for a Technical Sales Representative to supply me with further information about Kodak microfilm.

NAME.....  
COMPANY.....  
ADDRESS.....

K089/2



# Interest rates grow as money growth slows

Economics Correspondent

THE Reserve Bank is carrying out Muldoon's Budget threat to make things tougher for financial institutions. According to the Budget, tighter monetary policy is required to restrain growth in aggregate domestic expenditure over the coming year.

Muldoon's election-year expansion of the economy was poorly timed.

The increase in aggregate demand did not generate employment or a higher level of private output. Instead, it spurred on inflation to even greater heights.

Now his desire to control this inflation is throwing a spanner in the workings of one of Muldoon's better ideas, flexible interest rate policy.

With no controls, interest rates have rocketed. And recent efforts to control this growth in the money supply and the expansion of lending by financial institutions in order to bring domestic demand in line will cause interest rates to stay at their present high levels for some time.

Latest estimates by the Reserve Bank show that the money supply as broadly defined grew by nearly 20 per cent in June year 1979. The broadly defined money supply (M1) accounts for all currency, cheque accounts, savings and fixed deposits held by members of the public in trading banks and other financial institutions.

During the June year, total domestic credit (lending within New Zealand) is estimated to have grown by



THE ECONOMY

nearly 20 per cent as well. Private sector credit (domestic lending excluding lending to the Government sector) grew by over 29 per cent.

As Table A illustrates, growth in the money supply and domestic credit has been higher than this during the 1970s. But apparently the Government wants to put the lid on credit growth before it reaches 43 per cent, the previous high rate experienced in 1973.

The banks have been warned several times over the past year to curtail their lending. Recently, a credit growth guideline was set which stipulated that lending must be kept to between 8 and 12 per cent for this year.

This will be no easy task for the banks since domestic credit growth has not fallen below 14 per cent since 1972. Also, with inflation expected to reach record levels this year, banks are worried that their customers will need to borrow more just to meet their

requirements for current liquidity.

To show the banks that the Government really means business, reserve asset ratios for August have been set so that the allowance for banks' "free reserves" (free cash) has been cut from \$50 million to zero. Up until this year, banks were allowed to maintain "free reserves" of \$100 million.

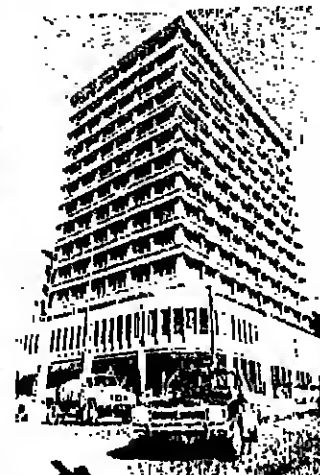
Reserve asset ratios stipulate the proportion of deposits a financial institution is required to hold in cash, as deposits with the Reserve Bank or in Government securities. The financial system expands its business by lending as large a proportion of its deposits as is possible. The more it holds in reserve assets, the less it can lend.

Reserve asset ratios are set by the Reserve Bank to regulate growth in lending by the financial system.

Usually, the Reserve Bank simply tries to ensure that credit growth remains stable. The reserve asset ratios are changed only occasionally for most non-bank financial institutions because their deposits do not turn over as rapidly as do the deposits with the trading banks. There are monthly changes in the reserve asset ratios of the trading banks.

Two reserve asset ratios are set each month for trading banks. One covers chequing accounts (demand deposits) and the other covers savings accounts (time deposits). Chart B illustrates reserve asset ratios over the last 12 months for trading banks.

Interestingly, although the Reserve Bank is attempting to tighten up on lending, the reserve asset requirement for demand deposits has been lower in the last four months than it was earlier this year. As Table B shows, in January 1979 the banks were required to keep 41 per cent of their deposits in reserve assets while in August they were required to keep only 32 per cent.



RESERVE BANK... watching the money grow.

Since reserve asset requirements were first introduced in June 1973, the reserve asset ratio relating to demand deposits has only twice been the same or lower than the requirement for time deposits. Since savings deposits tend to be held for longer terms, growth in lending can be regulated by a lower level of reserve assets.

This situation has changed recently with many trading banks offering attractive terms (11 per cent) for three-month time deposits. Interestingly, although the Reserve Bank is attempting to tighten up on lending, the reserve asset requirement for demand deposits has been lower in the last four months than it was earlier this year. As Table B shows, in January 1979 the banks were required to keep 41 per cent of their deposits in reserve assets while in August they were required to keep only 32 per cent.

The size of the reserve asset ratio does not in itself give an indication of whether monetary policy has been eased or tightened. Ratios are changed monthly because the level of reserve assets that the banking system accumulates at any given time change markedly month by month as a result of seasonal influences.

What is important to a bank's lending ability is not so much the absolute level of reserve assets the banking system holds at any given time, but the level of "free reserves". "Free reserves" are the reserves held by banks over and above the level required to meet the official reserve asset ratio requirements.

If reserve asset ratios were kept the same each month, the level of free reserves would alter for reasons unrelated with to the lending or the deposit policies adopted by the banks or to the policy intentions of the Reserve Bank authorities.

The main influences on the level of reserve assets of the banking system are government budget activities, Reserve Bank lending to the producer boards, and the public's demand for bank notes (dollars).

An injection of funds into the banking system (from export receipts or payouts to dairy farmers through the Dairy Board for example), will result initially in an increase in deposits or a decrease in lending if the money goes to pay off a loan. The cash deposited with the bank means that the banking system will also experience an increase in its reserve assets. If its other assets remain the same.

If there is a withdrawal of funds from the banking system, trading banks must dig into their reserve assets to make good a client's cheque in dollars or to lend dollars. In order to have the flexibility to meet increased withdrawals and satisfy the Reserve Bank at the same time, the bank

must have some "free reserves" or reserve assets over and above its reserve asset requirement.

When a bank does not have any free reserves, it is forced to borrow from the Reserve Bank at penalty rates.

Export receipts are expected to fall in the September quarter, according to the New Zealand Institute of Economic Research. This is one reason why the Reserve Bank did not have to raise its reserve asset ratio above 42 in August in order to cut bank banks' free reserves to zero.

In practice, the reserve asset ratio requirements have not previously controlled domestic credit expansion as much as the Government would like. Things have come to a head recently when other monetary measures have failed to slow down the growth in private sector credit. Furthermore, despite fairly rapid growth in the money supply, interest rates have not fallen but have continued to rise.

Now, rather than accommodating the banks by

having them with a free reserves, the Reserve Bank is making them pay a penalty rate for borrowing from the Reserve Bank.

But most of the local worries following President Carter's three energy speeches relate to the loss of agricultural land and the fact that restaurants can't lower the temperature below 26 degrees.

The consequences of America's energy efforts in the next decade are likely to be a good deal more serious for the rest of the oil-dependent world.

To Americans in the know, there were several signals of the renaissance to come, days before Carter announced the cancellation of his first scheduled energy speech.

The notion to Camp David was followed by the thought of trusted advisers and thinkers from their early summer holidays and other activities.

Those who arrived in the first few days found Carter "gaunt" and spoke of the "spirit pushing the flesh".

His ability to contemplate the problems which so much deeper than the immediate energy crisis that he created by the "tyranny of events" which is the fate of all US Presidents.

Carter's initiative in breaking away from routine was no isolationist spell spent only with his court flatterers.

Apart from his own personal standing in the polls, there was a new shock to the American psyche. For the first time ever the polls revealed the fact that a majority of Americans believed that the next five years would be worse than the previous five.

Add to this a calamitous decline in faith in all significant American institutions, and the cause for the massive insecurity becomes clearer.

Carter apparently asked for — and took — open comment, and was psychologically open to a wide range of people.

So after all this advice, thought and decision, what direction is America taking? The most obvious international reaction to the plans announced after the Camp David retreat has been seen in the fall in the value of the American dollar.

But the facts influencing this negative reaction have been largely hidden by the dramatic nature of the Cabinet changes that immediately followed the third of Carter's energy speeches. Internally, the purges (more reminiscent of "Claudius" than modern Democratic America), clouded the energy debate, and stopped many of the facts less than favourable in Carter's plans from getting a full public airing.

This first problem is that the plan as announced, commits America to finding ways of applying the energy she is used to — twice the amount per

# US 'energy corporation' falters on arithmetic

by Michael Hirschfeld

THE price of petrol went up the other day, in oil-shale-rich Colorado. It's now 22 cents a litre, although one must admit that this is all self-service.

But most of the local worries following President Carter's three energy speeches relate to the loss of agricultural land and the fact that restaurants can't lower the temperature below 26 degrees.

The consequences of America's energy efforts in the next decade are likely to be a good deal more serious for the rest of the oil-dependent world.

To Americans in the know, there were several signals of the renaissance to come, days before Carter announced the cancellation of his first scheduled energy speech.

The notion to Camp David was followed by the thought of trusted advisers and thinkers from their early summer holidays and other activities.

Those who arrived in the first few days found Carter "gaunt" and spoke of the "spirit pushing the flesh".

His ability to contemplate the problems which so much deeper than the immediate energy crisis that he created by the "tyranny of events" which is the fate of all US Presidents.

Carter's initiative in breaking away from routine was no isolationist spell spent only with his court flatterers.

Apart from his own personal standing in the polls, there was a new shock to the American psyche. For the first time ever the polls revealed the fact that a majority of Americans believed that the next five years would be worse than the previous five.

Add to this a calamitous decline in faith in all significant American institutions, and the cause for the massive insecurity becomes clearer.

Carter apparently asked for — and took — open comment, and was psychologically open to a wide range of people.

So after all this advice, thought and decision, what direction is America taking? The most obvious international reaction to the plans announced after the Camp David retreat has been seen in the fall in the value of the American dollar.

But the facts influencing this negative reaction have been largely hidden by the dramatic nature of the Cabinet changes that immediately followed the third of Carter's energy speeches. Internally, the purges (more reminiscent of "Claudius" than modern Democratic America), clouded the energy debate, and stopped many of the facts less than favourable in Carter's plans from getting a full public airing.

This first problem is that the plan as announced, commits America to finding ways of applying the energy she is used to — twice the amount per

capita used by any other nation.

The alternative course of aiming to retain standards of living but using a significantly reduced energy base which is technically feasible, has been ignored.

Interestingly, this theme has just been taken up by the presidential candidate, Edward Kennedy, in his own energy alternatives.

From the President, there has been no mention of federal housing standards from which, by 1990, improved design of new buildings and modification of old ones could save a third of our current total national energy use and save money, too, according to Amory Lovins a young energy expert.

But much worse is to come in the analysis of what has been set in motion.

First, there is realisation that Carter's dramatic announcement that the United States would import a maximum of 2.5mbd, from the date of his speech, was a significant target for anyone.

Oil company experts pointed out that, in their efforts to make up for the Iranian shortfall in the beginning of the year, so much was already under way that the requirement for the rest of the year is only 7.5mbd, at the most.

Thus the call to exercise restraint, could lead to stores by the end of the year of a new and growing surplus.

Each time this happens, the fragile sense of an energy crisis, becomes harder to resurrect. Interestingly, the oil companies also think that with the new accepted recession the annual oil import requirement up to 1981 will not exceed 7.5mbd.

So Americans are not likely to feel the crisis too strongly, at least in its initial stages. What is more probable, though, is that it will tend to inflation, not once, but twice; not just domestically, but internationally.

First, no one is confident that the projected price of the new forms of oil from shale and coal, will really be at the level of \$25.30 a barrel. Given the fact that a production price of twice the quoted figures is possible, the basic reality is that each dollar above the existing Opec price, will be fully reflected as a minimum in new Opec prices.

As the whole scheme is designed to ease for existing levels of America consumption, it guarantees the continuing high levels of energy demand, from a world that all the oil companies now concede has passed its peak in new or potential oil discoveries.

The likely boost to international energy prices is not the only problem we have to worry about. A well-known adage has it that when America sneezes, the world catches cold. So if inflation, far from being brought under

control in the United States, worsens, the impact will be felt world-wide.

Probably the most worrying point about the whole energy don't relates to the potential for the further generation of internal United States inflation.

President Carter announced an expenditure programme of \$140 billion for the next decade, to tackle the energy crisis. Most of this was to go towards the costs of providing new domestic sources of energy, with significant but smaller amounts allocated to boosting urban public transport services, to helping the poor cope with energy consequent problems, and other matters.

This money, President Carter said would all be raised from the "excess profits tax" now imposed on "the oil companies."

If this windfall can be raised from the "windfall tax", then life for the Carter administration will be easy. But so far in the Carter administration has yet said how the arithmetic substantiating



EDWARD KENNEDY... advocates the alternative energy course.



JIMMY CARTER... psychologically open to a wide range of comment.

the \$140 billion dollars was worked out.

What is worrying is the fact that oil company estimates of the yield from the tax range from \$4 billion dollars to a maximum of \$3 billion, a year, or a maximum yield of \$30 billion dollars.

Now President Carter has announced that he will try to raise \$5 billion from the public for his "energy corporation," but taking the best possible figures this leaves a deficit of \$5 billion which suggests that the plans are not thoroughly formulated.

From here the questions start, and the absence of hard or realistic answers could herald a real worsening of the general energy and economic outlook.

Live  
a little better.  
Spend  
a little less.

Check our reduced winter tariff.  
Stay in Rotorua  
at the Shaw Savill Caravel.

You can stay right at the centre of Rotorua's world-famous attractions, enjoy international standards of accommodation and cuisine — fully licensed bar and restaurant, friendly attentive service, thermally-heated pool, the liveliest entertainment for miles around — and pay a little less than you might pay anywhere else. Call anytime and let us discuss your needs.



SHAW SAVILL  
Caravel

Caravel Hotel,  
Fenton St, Rotorua.  
Telex NZ2656

1854

YOUR OWN  
QUEENSTOWN  
TOWNHOUSE  
FOR ONLY \$1,150 to \$3,450



How! You own your own townhouse every year for 10 years at less than the cost of a house. Inflation proofing your capital outlay. Write for our free information booklet. You should have a TIMEPLAN.

TO: TURNER HEIGHTS TOWNHOUSES LTD  
P.O. BOX 1104 CHRISTCHURCH  
Please forward a free HOLIDAY TIMEPLAN brochure to:  
NAME \_\_\_\_\_  
ADDRESS \_\_\_\_\_  
OCCUPATION \_\_\_\_\_

Broadbank

For  
Investment  
Management

Commercial and Industrial  
Selling — Leasing  
Phone 726-209 Wellington  
harcourts

SHELVING  
All shelving and storage  
problems solved — any size,  
anywhere. Free catalogue.  
Quoted prices.  
SPEEDLOC  
SHELVING CENTRE  
8 Tironal Road, Papakura.  
Tel: 583-7031

The perfect gift to send overseas.  
New Zealand  
Honey

N.Z. Honey Marketing Authority  
P.O. Box 241, Auckland 1  
Please send gift pack and New Zealand Honey to:

No. of packs  
Additional names, addresses etc. should be noted  
on separate sheet and attached to this coupon  
From \_\_\_\_\_  
I enclose my cheque/postal order for  
\$10.00 USA, Canada, Australia, Pacific Islands  
\$12.00 United Kingdom, Ireland, Japan  
\$13.50 Europe  
For all other areas prices on application  
Total enclosed \$ \_\_\_\_\_  
Signed \_\_\_\_\_  
Date \_\_\_\_\_  
Please send a receipt in the coupon  
and send it off today. It's the easiest Christmas  
shopping you'll ever do!



Honey from New Zealand  
is the best there is.  
Carefully selected for quality,  
of flavour. A pure, natural product known and  
appreciated throughout the world. A perfect  
gift for anybody, anywhere, anytime. We mail  
honey overseas right through the year.  
Order Now. Christmas Mails Close Soon.  
Orders must be received by Sept 15 to  
ensure Christmas delivery. Fill in the coupon  
and send it off today. It's the easiest Christmas  
shopping you'll ever do!

Attractive gift pack containing 2kg finest  
New Zealand Clover Honey  
Per. (New Zealand Currency)  
\$10.00 USA, Canada,  
Australia, Pacific Islands  
\$12.00 United Kingdom,  
Ireland, Japan  
\$13.50 Europe  
For all other areas  
prices on  
application  
The above prices  
include packaging  
and last class  
postage



Attractive gift pack  
containing 2kg finest  
New Zealand Clover Honey